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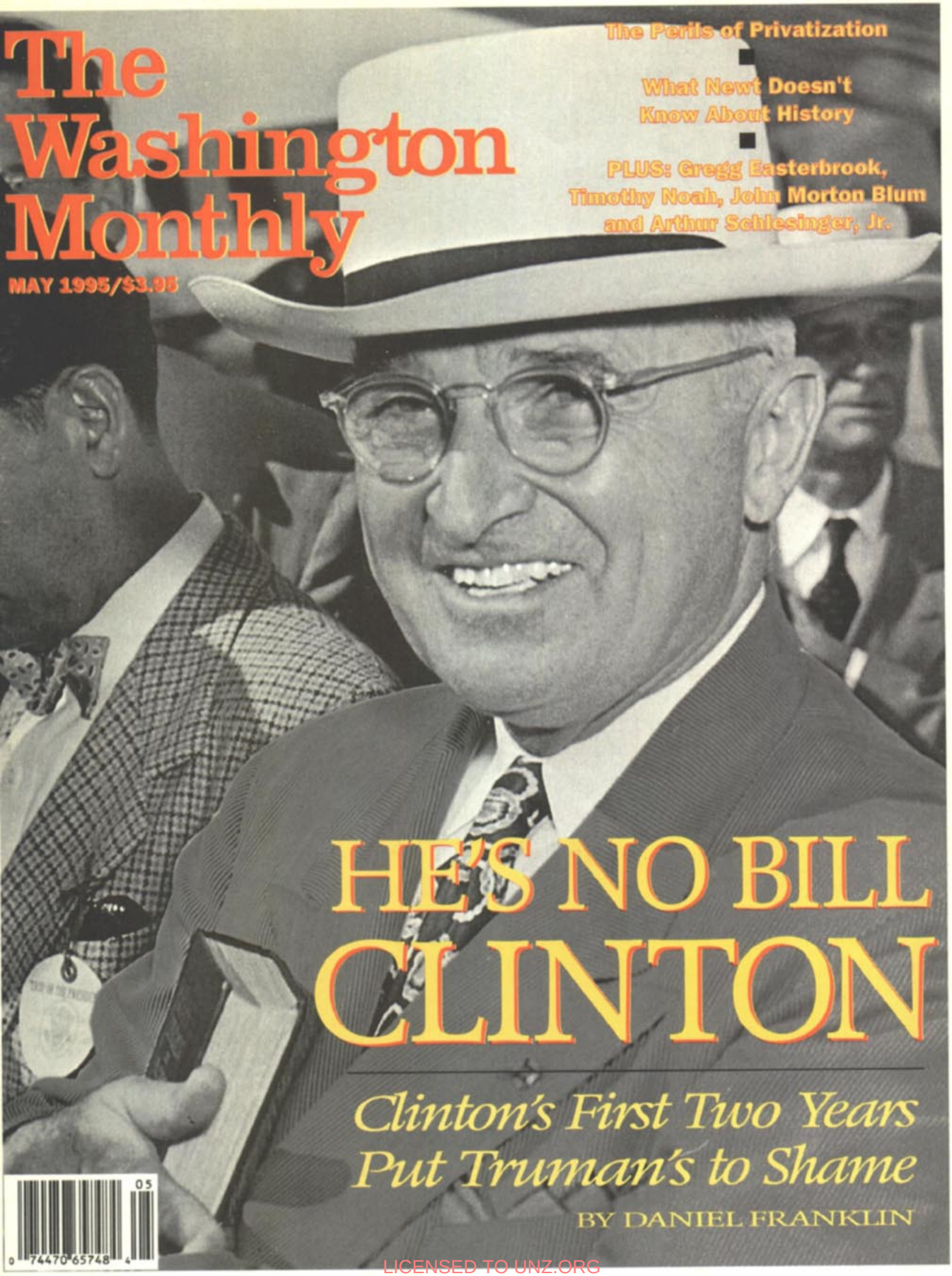

HE'S NO BILL CLINTON

Clinton's First Two Years Put Truman's to Shame

BY DANIEL FRANKLIN

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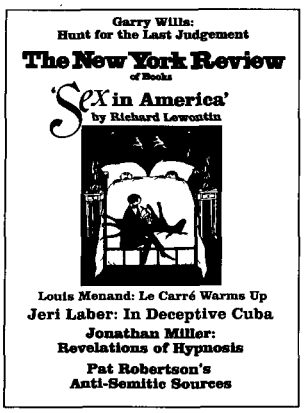

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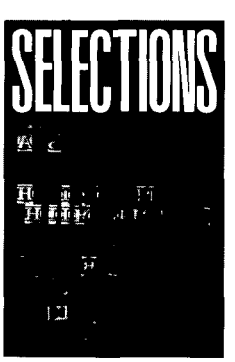

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Letters

The Dad Debate

I am grateful to Nicholas Lemann ("Paging Ward Cleaver," April) for his thoughtful review of my book, *Fatherless America*. Even when Lemann disagrees with me, he does so in a way that is intellectually serious. May I respond on a few points?

Lemann says that I believe that the unhappiness for children in fatherless homes "is so great that it outweighs any possible unhappiness that could occur in a two-parent family." I do not believe this and I do not know anyone who does. A single-parent home is much better than a two-parent home containing an ax-murderer or a child-molester, for example. But the real question is whether we believe that, in general, children do better when they grow up with their two married parents. I believe that they do.

Lemann says that I admire "mute, glorious, hard-drinking" fathers who don't show affection to their children and who adhere to a "super-strict masculine role." Those who read the chapter in my book describing "The Good Family Man" will learn that Lemann in this instance is not even close to an accurate or fair-minded description of my views.

Lemann says that I blame fatherlessness solely on the "cultural elite." I do not. I do insist that elites in our generation have been more a part of the problem than the solution, but I attribute the rise in fatherlessness to a much broader cultural embrace of the idea that fathers are not really necessary.

Lemann takes me to task for neglecting the economic causes of contemporary father-absence. Fair enough. But is it reasonable to accept Lemann's thesis that the world's highest divorce rate and a 31 percent rate of unwed childbearing can be blamed mostly on the loss of blue-collar jobs? OK, economics matters. But surely our cultural values—what we believe about marriage, masculinity, and fatherhood—matter at least as much.

Lemann repeatedly labels me as a "conservative." I believe that unwed childbearing is wrong, that our divorce rate is too high, and that every child deserves a father. For fathers, I believe in higher standards of responsibility for children and more accountability to mothers. If that makes me "conservative," so be it, but as Lemann states, in my book I scrupulously avoid this type of partisan political labeling.

Lemann says that ours is a society of "relative peace and prosperity," and that therefore any "crisis" of fatherlessness imagined by us gloomy "conservatives" actually demonstrates "a lack of crisis." Most social scientists from across the political spectrum now agree that child well-being is declining in our society, primarily due to family fragmentation. Many—I suspect most—Americans feel that we are now several decades into what might be termed a social recession, exemplified primarily by rising rates of incivility and violence and the weakening of community life. Is this a "lack of crisis?"

David Blankenhorn
President, Institute for American Values
New York, NY

Nicholas Lemann responds: On most of Blankenhorn's points, I think we honestly disagree about what the main impression emanating from his book is—so, like him, I'd urge readers to get the book and decide for themselves. But there are a couple of places where I'd like to answer. I used "conservative" as a description, not an epithet. *The Washington Monthly* is perhaps the world's only liberal magazine that has consistently praised conservatism, and just recently we jointly sponsored a conference with a conservative think tank, the Manhattan Institute. I think Blankenhorn meets the literal (rather than political) definition of a conservative, in the sense that he cherishes and would like to preserve traditional social forms. Finally, my remark about "a lack of crisis" was made in a paragraph commenting generally on American politics right now, not specifically on the issue of fatherlessness. I do think there's a real difference between a crisis, which we're not in, and "a social recession," which we are.

Bloodying Kenney

When George Kenney resigned from the State Department, claiming an inability to tolerate Washington's policy in Bosnia any longer, I was cheered by the prospect of someone in Washington acting on principle. "Bloody Bosnia" (March) proves my hope was an illusion. The Serbs are masters at disinformation, but Kenney does them one better. Not even they have the effrontery to minimize the death toll, but Kenney does. Where are the bodies, Mr. Kenney? In the 70 percent of Bosnia controlled by the Serbs and which are off-limits to monitors from world bodies! By minimizing the death toll, Kenney wishes to promote the idea of equal guilt of all three sides—a view discredited by the C.I.A. report published in *The New York Times* on March 9. It stated, "To those who

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think the parties are equally guilty, this report is devastating. The scale of what the Serbs did is so different. But more than that, it makes clear, with concrete evidence, that there was a conscious, coherent, and systematic Serbian policy."... This is an echo of the Helsinki Watch Report which traced the line of the command for the atrocities to the highest authorities in Belgrade even though they "bent over backwards to be evenhanded....We have made special efforts to find as many abuses on the other side." Similar findings were made by Doctors Without Borders, the European Union, UNHCR, both Houses of Congress, and many more. This is insufficient proof for Kenney. But he has no problem finding fault with Slovenia and Croatia for respecting the will of their electorate by way of general elections and referenda.

Contrary to Kenney's assertion, there is a common agreement on the problem—Serbian aggression. What is lacking is the political will and moral resolve to put a stop to it, aided and abetted by views such as those espoused by Kenney's article.
John Sola
Mississauga East, Ontario

George Kenney replies: Mr. Sola is beating a dead horse. I agree with him the Serbs have a policy of "ethnic cleansing," but it doesn't make sense to invent statistics about numbers killed to "prove" the Serbs are worse than they are. The problem now is that so many are alive and need help. To help them, and to resolve the conflict, the world must objectively weigh conflicting claims in the region. The outcome of all this, I'm sure, won't be the borders the West precipitously recognized, but something more closely related to reality.

Damn Right!

Morton Mintz's fine piece "Stories the Media Miss" (March), describes mind-boggling examples missed or ignored by the Big Four newspapers. As it turns out, ABC News reported facets of two of them—the IRS record-keeping discrepenices and the C-17 overbilling stories—as part of our weekly "Your Money" segment, within "World News Tonight" with Peter Jennings.

We've found that this is not only information to which citizens are "damn well entitled," in your phrase, but is the kind of reporting viewers want to see. According to our producers, with 130 reports in two-and-a-half years, "Your Money" has become the most popular segment of the broadcast, which is the most-watched of the three nightly newscasts.

As reporters on the lookout for stories of this nature, we find *The Washington Monthly* an excellent resource. Thanks for continuing to analyze government in this special manner.
John Martin
National Correspondent, ABC News
Washington, DC

Cake Anyone?

Phillip Longman's article in the April issue ("Entitlement Junkies") makes some good points about the financial abyss into which entitlements are about to fall.

But Mr. Longman fails to mention another "entitlement"—corporate welfare—which eats up as much as, if not more than, the federal social welfare budget. I know, I know—the article wasn't targeting welfare of any kind. But doesn't Mr. Longman agree that before we start taking away food, fuel, and medical care from the old and the infirm we ought to cut out those welfare checks being collected by the biggest and the wealthiest corporations in the country?

Please don't tell me that cutting government payments to huge corporations will result in job loss. That's the oldest dodge on the books. It's a scare tactic designed to push the political buttons to get the desired results. Let them eat cake for a change.
Maryellen Lake
Becket, MA

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Tilting at Windmills

A Virginia jury did not buy United Way head William Aramony's defense that his brain was shrinking. He should have sought a change of venue to Wisconsin, where a court held that a defendant was not criminally responsible for a robbery in which he had threatened a victim with a foot-long knife. The grounds for the Wisconsin court's ruling: The defendant suffered from depression....

The GOP's dedication to privatization was recently illustrated when members of the House Resources Committee traveled to New Orleans and San Antonio to hold hearings on endangered species and wetlands. Their meals were paid for not by the government—perish the thought—but by the Louisiana Farm Bureau Federation, the Midcontinent Oil and Gas Association, the American Sugar Cane League, the Louisiana Land and Exploration Co., the Texas Cattle Feeders Association, the Texas Sheep and Goat Raisers, the San Antonio Farm and Ranch Real Estate Board, and the Texas Association of Builders, among others that *The Washington Post*'s Al Kamen calls "not-so-disinterested" parties....

Another sign that the GOP budget-cutters don't know what they're doing: Senate Republicans are proposing to cut $80 million from the funds Congress appropriated to help the IRS increase tax compliance by hiring more enforcement officers. Since the IRS gets five dollars in tax revenue for every dollar spent on enforcement, this Republican inspiration will produce a net loss to the government of $400 million....

Have you heard that union work rules prevented the firing of 911 operators who were caught sleeping—literally sleeping—on the job in Chicago?...

For years I have argued that guilty criminals should not be freed because they were convicted on the basis of illegally obtained evidence. Society, it seemed to me, should not be threatened with having dangerous criminals turned loose when it is the officials who illegally obtained the evidence who should be punished. Keep the crooks in jail and let them be joined by the officials who did wrong. I'm now delighted to discover, thanks to a recent article by Jeffrey Toobin in *The New Yorker*, that there is actually a group of legal scholars who, although they believe the law must be zealous in protecting innocent defendants, are not troubled by the conviction of guilty defendants on the basis of improperly obtained evidence. "The government must always remember," writes Judge Lance Ito, who Toobin says belongs to the group, "this process is a search for truth." Protect the innocent defendant. But don't let the guilty off because of constitutional violations for which others should be punished and which have no bearing on the truth of the case....

For indulgence of criminal behavior, the District of Columbia government, long the nation's standard-setter in the realm of municipal misfeasance, wins the prize. It has given three police officers, who were in the process of being convicted for taking bribes, payments of more than $20,000 each as incentives to go into retirement, where they will continue to be on the take from the taxpayer for the rest of their natural born lives....

The incompetence of D.C. employees continues to stun even the most cynical observer. Just when you think you've steeled yourself for the worst, a more bizarre example requires that you redefine "worst." Take the recent major drug bust that was to be conducted at a local housing project by 200 federal agents and police. Unfortunately, the raid was announced on WTOP radio the night before it was to happen, thus warning all the dope dealers to be doing anything but dealing at the appointed hour. Why was the news on WTOP? Because the District's Department of Public and Assisted Housing had decided to put out a press release to praise

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itself for cooperating with law enforcement....

In order to attract such brilliant employees, the District has, of course, to pay more than market rates. Quite a bit more—in fact 35 percent higher than the national average for government employees. According to a recent article in *The Washington Post*, the District pays more just in *benefits* for city employees than it spends on welfare, foster care, day care and drug treatment for all its citizens. D.C. workers get as many as 26 vacation days, 13 sick days, 10 holidays and—you have to love this one—three days off to attend funerals.

With so many days off it's little wonder that no one noticed when one employee, Jewel D. Tucker, started using crack cocaine in 1989. Her supervisor finally got around to suggesting she needed treatment in May 1991. Even after, according to the *Post*, "she stopped coming to work in July, she was not fired until November."

What did Tucker do then? She appealed, of course. It then took nearly two more years of hearings for an administrative judge to uphold the firings....

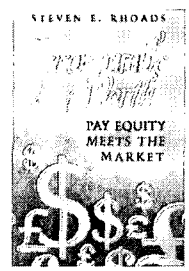
Have you heard about the Thursday Group? If not, here's the story. Jeffrey Birnbaum, the great *Wall Street Journal* reporter who was recently hired by *Time*, sets the scene: "At 11 a.m. last Thursday Congressman John Boehner took his seat at the head of a conference-room table from the Rotunda, beneath the Capitol Dome."

You assume this is a meeting of legislators earnestly conferring about how to advance the public interest? You're wrong. Boehner, the fourth-ranking House Republican, was chairing a gathering of lobbyists, representing in Birnbaum's words "some of the richest special interests in the country," who assemble each Thursday to help pass the Contract With America. "To an extent unusual even for parasitic lobbyists," writes Birnbaum, "the House GOP leadership has attached its fortunes to private lobbyists and is relying on their far-flung influence to pass its agenda. Boehner's Thursday Group is at the top of the pyramid of that sophisticated effort, serving as command central for a series of multimillion-dollar campaigns on behalf of the Contract With America."...

Birnbaum's not the only reporter to notice the intimacy between corporate lobbyists and GOP congressmen. Consider these recent headlines from *The New York Times*: "Business Leaves the Lobby and Sits at Congress's Table" and "Industry Helped Draft Clean Water Law." The first headline ran over a story by Stephen Engelberg describing how the Senate Judiciary Committee's Republican staff deferred to utility company lawyers in a meeting on environmental laws. The second was over an article by John H. Cushman, Jr. that tells how "the bill's [GOP] sponsor and a committee of lobbyists worked side by side on the bill, inserting one provision after another to satisfy industry groups like the Chemical Manufacturers Association"...

Of all these efforts to subvert the public interest the one that may be the most contemptible is the effort to destroy the Food and Drug Administration. Newt Gingrich's Progress and Freedom Foundation is spending $500,000 to promote privatization of the FDA, and, according to the Associated Press, "Other critics have already spent hundreds of thousands of dollars on anti-FDA advertising, and eight conservative think tanks and activist groups hope to begin sending [anti-FDA] legislative proposals to Congress

New from Cambridge



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as early as next month."

Of course the FDA can be improved. It probably should, for example, allow drug companies to advertise that for some people aspirin can help prevent heart attacks, but only if such ads make clear the important qualification to that advice. But improving the FDA should in no way threaten its ability to protect the public from such drugs as the beta blocker that was allowed in Europe but not here, thanks to the FDA, and which turned out to cause liver damage. The FDA must be a public agency representing the public interest. It should never become a servant of the drug companies, which is the role Gingrich wants it to play....

Speaking of the Speaker, he is a major-league liar. Did you happen to catch the recent David Brinkley show during which Gingrich stated as a matter of fact that the Democrats "always" want to raise taxes? The truth is that the Democrats have moved vigorously and successfully to lower taxes on the working poor. The people Democrats like to tax are the rich. And this of course enrages Gingrich and all the other Republican defenders of the wealthy. The latest example of their dedication to the cause of the affluent is the GOP's effort to secure tax exemptions for rich Americans who have renounced their citizenship, an effort that, even here in Sellout City, has raised eyebrows more than a millimeter....

The Republicans contend that it's class warfare to speak of such matters. Some otherwise reasonably responsible reporters, such as *The Wall Street Journal*'s Paul Gigot, are buying that line. Maybe it's because we have too many media stars who are raking in enough money to be upper class themselves, so a tax credit for children of families earning $199,000 seems perfectly reasonable to them, as does tax exemption for estates under $750,000 or tax relief for affluent recipients of Social Security. All of these provisions are in the House tax bill. They should be defeated by the Senate not in the name of class warfare, but in the name of tax fairness—of having the rich pay their share to the country that made them wealthy....

The worldwide rush to consume has had an unhappy impact on traditional customs in many countries. One of the most tragic examples comes from India where the practice of dowry—money and presents given by the bride's family to the couple and to the groom's family—is being turned into a continuing extortion that goes on years after the wedding. The groom's family wants all those consumer goods they see advertised on television, so they keep asking for more and more from the bride's family. If her family does not produce, the bride may be tortured, even murdered. There is, according to *The Washington Post*'s Molly Moore, "a dramatic escalation in reported dowry deaths and bride burnings." One Indian newspaper editor, M.J. Akbar, says, "Dowry is a form of theft legitimized by marriage. It's economic bondage. And when the woman stops being frightened by torture, the only option is to burn her."...

How many welfare recipients are unwed mothers under 18? Less than one percent, according to a 1993 Census Bureau survey. And listen to this: Welfare is not necessarily an incentive to motherhood. California has high welfare benefits and low birth rates for unwed teens. And, according to *Business Week*'s article about the Census survey, one of the stingiest welfare states, Newt Gingrich's Georgia, has "one of the highest pregnancy rates."...

On November 30 of last year, Eileen Asbell's car was struck by another vehicle. A police report showed that the other driver was at fault and that he was insured. Within days, Asbell had received a total of 13 letters from ten different law firms offering their services.

Law firms, according to the *Milwaukee Journal*, use paralegals to "gather the names of accident victims from police reports, which are public records." Some law firms, the *Journal* adds, "buy victims' names and addresses from a service here called Leads Service Ltd."

Now you know the modern lawyer's version of ambulance chasing. It's direct mail advertising, using what the trade calls "targeted mailing lists."...

Another modern form of client hustling is the class action suit with thousands or even millions of victims for whom the total take in awards could be in the tens or even hundreds of millions of dollars.

A recent case happened when a Philadelphia lawyer—for some reason Philadelphia has become the Mecca of the class action bar—noticed that the Department of Justice was taking action against major airlines for price collusion. A light bulb immediately turned on in the lawyer's brain. The number of passengers who could have been victimized was obviously large. There ultimately turned out to be 4.2 million claimants. But the result of the class action that the

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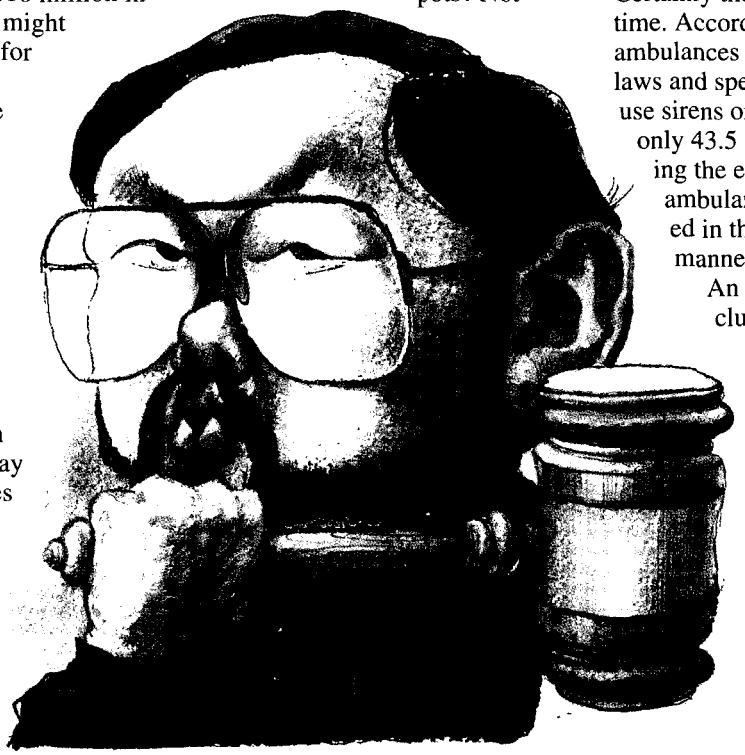
Philadelphia lawyer and other attorneys filed was not wealth for the victimized passengers. They got nothing but coupons that gave them tiny discounts on future fares—for example, $10 on a $240 ticket. The fellows whose bank accounts got fat were the lawyers who got $16 million in fees. The lawyers might have gotten more for the plaintiffs if they had taken the case to trial, but they settled before the trial. Such settlements often benefit the lawyers and not the victims. Could it be that defendants are bribing the plaintiffs' lawyers with an agreement to pay generous legal fees as part of the settlement? The plaintiffs' lawyers would then be selling out their clients in order to avoid the risk—and the work—of going to trial, in return for being taken care of themselves. I'm not saying this is actually true in any or all cases—the *Monthly* can't afford to be sued by these fellows. I'm merely suggesting a possibility that is worthy of your contemplation....

When one thinks of all the harm busing did, it is maddening to be reminded, as we were by the recent *New York Times* obituary of Dr. James Coleman, the father of busing, that by 1975 Coleman had reversed himself. Busing had been a failure because, he concluded, it had prompted a massive departure of whites from public schools, and in doing so undermined the aim of increasing contact among the races in public schools....

Are clean air regulations another example of an undue burden placed on industry by leftist crackpots? Not according to a major study reported in the March issue of the *American Journal of Respiratory and Critical Care Medicine*, which tracked the health records of 552,138 people in 151 cities from 1982 to 1989. The annual risk of death, the study found, is 15 percent higher in the cities with the dirtiest air than it is in the cleanest cities.

In fact, the study shows that we need tougher regulation. The average city in compliance with existing federal standards has a mortality rate that, while much lower than the dirtiest city, is still significantly higher than the cleanest....



Another study, reported in the April issue of the *Annals of Emergency Medicine*, confirms a suspicion that many of us have long held that the terrifying sirens and flashing lights on ambulances and other emergency vehicles may cause more harm than good. Certainly they don't save much time. According to the study, ambulances that obeyed all traffic laws and speed limits and did not use sirens or flashing lights were only 43.5 seconds slower reaching the emergency room than ambulances that were operated in the usual frightening manner.

An earlier study had concluded, according to *The Washington Post*, that as many as 72,000 traffic accidents per year are caused directly or indirectly by speeding emergency vehicles and the confusion their lights and sirens cause among other motorists....

It now develops that according to *The New York Times* (see our Monthly Journalism Award, page 40), the National Transportation Safety Board began to warn the FAA as early as 1981 of the danger of icing on the wings of aircraft like the ATR that crashed in Indiana last fall. Doesn't that remind you of dozens of other similar reports over the past 20 years in which an NTSB warning has been followed by foot-dragging and inaction at the FAA? Doesn't it also suggest that the FAA is so beholden to the airlines that the NTSB should be given the power to compel the FAA to act on life-and-death safety issues?...

Roman Genn

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A point I have labored to make with a conspicuous lack of success is that while government is cutting budgets and slimming down, we need to take care to attract outstanding people to public service and to make sure that downsizing targets the deadwood and the incompetent, not just people who are willing to retire. At the FAA, for example, we clearly need to get rid of some cowards and hire people who have the guts to take on the airlines and the smarts to win when they do.

Another example of this problem is the District of Columbia public schools, which, like the rest of the D.C. government, are filled with employees for whom mediocre is the kindest possible description. Yet the D.C. schools are using downsizing as an excuse not to hire any teachers from its alternative certification program. If you don't know what alternative certification is, you or your kids probably went to or are in private schools and therefore take little interest in the problems of the great institution that once bound this country together, the public school.

Anyway, if you cared, you would know that alternative certification is a way to get people who have graduated from good colleges and know their subjects into teaching without forcing them to endure the absurd education courses that have numbed the minds of so many public school teachers.

Last month *The Washington Post* printed an op-ed piece by Robert Pasnau, a Cornell graduate who tried to get a job teaching in Washington. Here is how he describes his experience with a D.C. schools bureaucrat named Anita Queen:

"When I finally reached her (she didn't return my repeated calls) she was sympathetic but adamant. No, the District does not make exceptions to the requirements for certification. Yes, there is an alternative certification program, but it has been suspended because of budget constraints and is not likely to start up anytime soon."...

If you have doubted the *Monthly*'s contention that the private health insurer, rather than big government, is the main obstacle to sane, affordable health care, consider this case reported by the *Charleston (WV) Gazette*. By going to a midwife, a woman saved her insurer $4,000. In return she asked the insurer to pay $250 for her prenatal examinations. The private insurer repeatedly turned her down. I'm waiting for Newt to tell this anecdote at the next Young Republicans Convention. Like Adlai Stevenson at the United Nations in 1962, I'm prepared to wait until Hell freezes over, which is no doubt precisely what I'll have to do....

—*Charles Peters*

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He's No Bill Clinton

Everyone loves "give 'em hell" Harry. But Clinton's first two years have put Truman's to shame

BY DANIEL FRANKLIN

It was a tough year for the President. Foreign policy errors bogged down his domestic programs; nominations were stonewalled by a hostile Congress; party insiders even considered recruiting a challenger for the Democratic nomination. He was, in the words of one journalist, "essentially indecisive ... essentially vacillating." Quite simply, Americans began to doubt seriously that he had the character to be the country's top executive.

Yes, 1946 just wasn't Harry Truman's year. But he bounced back, won reelection in 1948, and has received from history a reverence that borders on the Rushmoric. For many Americans now, Truman is seen as a model president—a man of integrity, modesty, and decisiveness. Walter Isaacson of *Time* called him "America's greatest common-man president." Eric Sevareid said that "Remembering him reminds people what a man in that office ought to be like.... He stands like a rock in memory now." So revered is the Man from Independence that in 1992, both parties' nominees fought to be considered "the Truman candidate."

Now that Republicans have both houses of Congress for the first time since 1946, Clinton aides are scanning David McCullough's best-selling Truman biography in search of the magic bullet that will hand Bill Clinton a Trumanesque comeback in 1996. Clinton took the Truman title in 1992, but now the country—and the press—is skeptical. "Bill Clinton," wrote historian James Pinkerton in the *Los Angeles Times,* "is no Harry Truman."

That's true, but those White House staffers looking for a magic bullet are missing the point. Clear away the historical fogs and set aside the acerbic press coverage and you cannot escape a startling conclusion: Clinton's first two years have put Truman's to shame. By April 1995, Clinton has accomplished far more for the American people than "give 'em hell" Harry had by April 1947. Clinton has guided the economy more successfully. He has enacted more laws with real impact. Yet while Truman is held in near-Jeffersonian regard, Bill Clinton is written off as a Warren Harding in jogging shorts.

Consider one of the core issues of any presidency: the economy. With the war over, the country began the painful conversion to a peacetime economy. Hundreds of thousands of veterans returned from

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World War II to an economy that had reached record production levels without them. In Chicago alone, at least 100,000 veterans were jobless. Major industries—including coal, railroad, and steel—convulsed with labor strikes that threatened to paralyze the entire country. Truman's response was heavy-handed and ineffectual. He threatened to seize coal mines and draft striking railroad workers into the military. Both measures were rebuffed by the Supreme Court and Congress, respectively, for being blatantly unconstitutional.

The economy grew but the growth was more than overshadowed by inflation rates that soared to 14.6 percent in 1947. There were shortages in many of the products people needed, including housing, automobiles, sugar, coffee, and meat. And with the Great Depression fresh in the American memory, many wondered whether another economic crash, one even greater than before, was just around the corner.

Truman could have prevented the inflation. After the war, Republicans in Congress launched an effort to repeal wartime price controls. Truman saw that decontrol had to be gradual, so that it would not unleash inflation. But, as *The New Republic*'s "TRB" columnist wrote in 1946, "The trouble is, Truman didn't make a real fight.... He didn't carry through.... He saw and predicted the recession but let Congress and business have their way. Truman won the argument all right, but that isn't quite enough in politics."

Clinton knows this. He is the first president in the last 30 years to achieve both job growth and low inflation. The "misery index"—inflation plus unemployment—is currently below nine; under Bush it was above 11; under Truman it was nearly 20.

The key to this achievement is Clinton's budget plan, which passed through Congress in 1993 only after a knock-down, drag-out fight led by the President—a fight won with only the votes of a fractious Democratic party, and against a vehement and united Republican front. Phil Gramm was one of the loudest critics, predicting that "hundreds of thousands of Americans will lose their jobs because of this bill."

Gramm was dead wrong. By cutting the deficit to $192 billion in 1995, from $290 billion just three years ago, the President has succeeded in bringing down long-term interest rates and encouraging business investment that has stimulated extraordinary job growth. Already, the economy has produced nearly six million new jobs—five million more than it did during Bush's entire term. The unemployment rate, which was 7.6 percent when Clinton took office, has dropped to 5.5 percent.

In his first two years as president, Truman never seemed to have the stomach to enter the ring and fight like Clinton has. In September 1945, Truman delivered a 21-point program to Congress that rivaled the New Deal in its scope. The plan increased federal funding to agriculture, housing programs, and a variety of public works projects. But Truman let nearly every major component of his domestic program go down in defeat without a fight. In a way, says McCullough, that was the point. "His whole strategy on these domestic issues was to go for the high ground. Be *more* liberal in the program, and if they knock it down, you'll have something to run on."

This is fine if your only concern is winning reelection, not so fine if you want to solve the country's problems. Clinton has staked his presidency on the passage of his economic and social programs and fought like a junkyard dog for his victories. Elizabeth Drew recounts in *On the Edge* that during the battle to pass the North American Free Trade Agreement, "Clinton threw himself into the fight—meeting members of Congress in one-on-one sessions, making many phone calls to them, giving speeches, meeting with opinion leaders, meeting with individual members. Shortly before the vote, there were White House dinners for undecideds." He brought the same energy and conviction to the fight to pass the Global Agreement on Tariffs and Trade. Clinton was willing to alienate the labor interests that are among the Democrats' strongest constituents because he believed that the treaty would produce jobs for the country. Regardless of your opinion of these treaties, you must respect the fact that he risked his neck to get them

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passed.

Clinton has stuck to the path of ambitious achievement throughout his presidency and tried to avoid the partisan posturing that might serve him better at the polls. His success, by any objective measure, has been astonishing. Eighty-six percent of the legislation he endorsed has passed through Congress, a record unmatched by any president since Johnson.

The bills he has passed will make real contributions to the welfare of millions upon millions of Americans. Take education policy. While the economy has changed, putting a higher premium on education and skills, the American education system hasn't. Everyone knows that a high school diploma no longer guarantees a good job. But before Clinton took office, high school graduates who did not go on to college—nearly 40 percent—were stranded because the United States was the only major industrial nation without a vocational apprenticeship program.

Clinton's Schools-to-Work program created a network of apprenticeship programs to give those students real job skills that can't be learned in high school. The students intern with workers—electricians, plumbers, carpenters—and learn the skills needed to find and keep a job. When the program reaches full implementation, one-half million students will be enrolled annually. That's one-half million more skilled workers entering the workforce every year than before the program.

To counter the staggering growth in college tuition, Clinton reformed the student loan program so it would lend money directly to college students, and collect the debt as a percentage of their income. Previously, students received their college loans through banks and paid back a set amount for 10 years. From 1985 to 1991, the size of the average college graduate's total debt had jumped 150 percent. For many, the debt was stifling; 40 percent of graduates said their debt payments forced them to work two jobs.

But under Clinton's plan, defaults will be cut drastically because the debt payments, extended over a 25-year-period and based on the graduate's income, are manageable. A graduate with a $30,000 income and a $50,000 debt will pay $345 per month, instead of the $581 under the previous plan. As graduates' salaries rise, so do the amounts of their debt payments. As a result, graduates are able to perform low-paying but meaningful work, such as teaching or social work, that the country desperately needs.

Then there's Americorps. While Republicans seek to slash this domestic Peace Corps, 20,000 volunteers are on the streets immunizing babies, restoring national parks, and counseling troubled teens. For their 10- to 12-month commitment, the volunteers earn vouchers worth $4,725 toward tuition or for paying off student loans. And, carried out properly, the program has the potential to radically change the way Americans view community and national service. "It provides what might be called a social glue," argues Labor Secretary Robert Reich, "by bringing young people from all different backgrounds and incomes together to work on community projects, and enhance the health and safety or beauty of a community. It not only improves community but it creates community ... connecting people to other people across socioeconomic barriers."

Truman's contribution to equal opportunity and economic fairness—the heart of the Democratic Party—was meager during the first two years of his term. Yet again, his proposals that did aim to aid the poor—unemployment compensation, minimum wage increases, and housing funds—were all abandoned to high-minded defeat in Congress. As with his economic programs, and in stark contrast to Clinton, Truman refused to enter the fray. "I don't think," says Stanford historian Barton Bernstein, "Truman really committed himself,"

Even Clinton's harshest critics must grant that the President is committed to economic fair play. And that commitment has led him to push through a program that gave significant help to the most deserving group of society: the 3.2 million working poor, who are struggling to break themselves out of the cycle of poverty. The Earned Income Tax Credit (EITC) guarantees that any person working 40 hours a week, even at minimum wage, will not fall below the poverty line. Whereas earlier a mother of two may have received more money by staying on welfare and other aid programs, the EITC goes a long way toward making work more profitable than the social dole. Thus, without any of the messy bureaucracies that rankle conservatives, Clinton made the road out of poverty substantially easier. And to pay for his deficit-reduction program and the

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EITC, Clinton wisely raised taxes on the very rich, who have benefited most from this country and can afford to give something back.

Nearly as significant has been Clinton's fight to reform and expand Head Start. Nearly one out of every five children in the country lives in poverty. Head Start takes poor children as young as three years old and gives them pre-school education, immunizations, healthy meals, and other services. Clinton increased federal funding by nearly 50 percent from 1992, and added 100,000 children to the program's rolls. And Clinton moved to address the deficiencies in individual Head Start programs by instituting rigid quality standards. If a program does not meet the standards, the government can cut its funding and find a more worthy recipient. Even if Congress fails to pass a single line of welfare reform legislation, between the EITC and Head Start reforms, Clinton will have made one of the more significant contributions to social policy in decades.

And let's not forget Clinton's efforts to solve what many consider the most serious and vexing of America's problems: crime. Amid the partisan attacks and counterattacks, which the press recorded faithfully, the clear benefits of the President's bill were lost. Even the most conservative estimates say that the bill will put around 20,000 more police officers on the nation's streets through support to community policing programs. And the $8.8 billion that Clinton's bill allocates to prisons will help ensure that violent criminals are not forced back on the streets due to overcrowding.

Clinton is also the first president in history to have the courage to take on the 800-pound gorilla of special interests: the National Rifle Association. The organization is the ninth-largest PAC in the country, donating nearly $2 million to congressional campaigns in 1994. For years their money and ability to mobilize their 3.3 million members led many to consider them the single most powerful interest group in Washington. For the past 25 years, their friends in Congress have stalled the banning of armor-piercing bullets and assault weapons. But Clinton has defied the gun lobby, including in his crime bill a provision that bans 19 different kinds of assault weapons. He also passed the Brady Bill, which requires five-day waiting periods for all gun purchases so background checks can be conducted. The law, which had been stonewalled by the NRA's congressional proxies since it was first introduced in 1986, prevented 44,000 convicted felons—and 2,000 fugitives—from purchasing weapons in the first year of its enactment.

Other domestic triumphs? The President early in 1993 passed the Family and Medical Leave Act, which ensures that family members who take time off from work to care for a newborn child or a sick relative will have their jobs waiting for them when they return.

And his "Reinventing Government" initiative has had several notable successes, such as the elimination of over 1,200 field offices of the bloated and overextended Department of Agriculture. Perhaps no government function is more burdened by red tape than the government procurement process. Before the President's plan, buying an office computer could take as much as three months of wading through the swamp of regulations that nearly doubled the retail cost of computers. Now a government worker can go to a computer store and buy one off the shelf like anyone else. This may sound picayune until you realize that 70 to 80 percent of government acquisitions are small, everyday purchases like these. And it is only through this concern for government reform, for which Clinton is unique among recent presidents, that government will begin to work under the guidelines of common sense.

One of the most lasting legacies of any president is the lifetime appointments he makes to the nation's highest court. In this, too, Clinton outshines Truman. Stephen Breyer and Ruth Ginsburg breezed through Senate confirmation with bipartisan support both on Capitol Hill and within the legal community and are universally hailed as being pragmatic, intelligent, and moderate. "These two have helped calm the waters and soothe what had been an inflamed Supreme Court process—inflamed by Bork, inflamed by Thomas," says Yale Law Professor Akhil Amar. "The long-term stability of the Court and the Republic is not well served by confirmation donnybrooks and spectacles." In his first two years, Truman nominated Fred Vinson and Harold Burton, two men whose mark on the Supreme Court was far from exemplary. It was Chief Justice Vinson who, with Burton's assent, delivered one of the most damaging blows to the First Amend-

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ment in the Court's history. The *Dennis v. United States* decision, written by Vinson, declared that even the teaching of communism was illegal and punishable by imprisonment.

Truman himself didn't have the most pristine record on civil liberties. He instituted the Federal Employees Loyalty Program, which directed the FBI and the Civil Service Commission to weed out those federal employees suspected of communist or socialist activities. As a result, 212 federal employees were dismissed; thousands more resigned in protest or fear. It was, writes McCullough, "the most reprehensible political decision of his presidency."

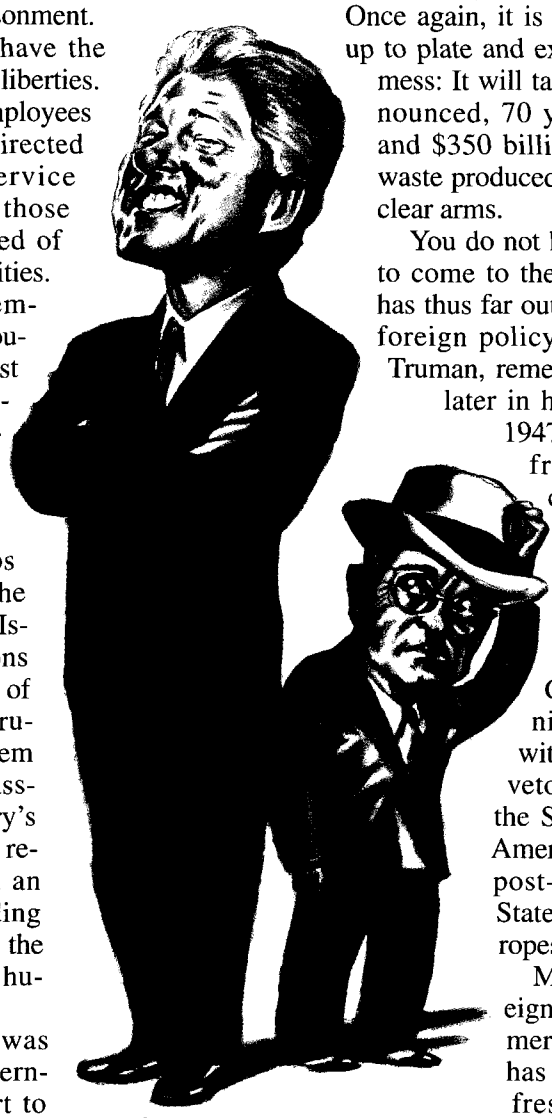
It had its competitors. Under Truman, Navy ships were ordered to sail into the fallout zone around Bikini Island after a nuclear weapons test. When the tragic effects of the test were brought to Truman, he decided to keep them secret for fear the embarrassment would hurt the country's nuclear programs—and his reelection chances. This set an ugly precedent: In succeeding years, the government tested the effects of radioactivity on humans and then covered it up.

By marked contrast, it was under Clinton that the government began an active effort to reveal incidents ostensibly classified for national security, but actually hidden to prevent political embarrassments. And it has been under Clinton that the government has finally made a concerted effort to make reparations to the victims of the nuclear tests.

In general, Truman steered clear of the nation's dealings with nuclear issues. In one cabinet meeting, Truman admitted to not knowing, and not wanting to know, the exact number of nuclear weapons in the country's arsenal. "Mr. President, you *should* know," said Secretary of Agriculture Henry Wallace. But Truman kept his distance, leaving nuclear arms production to the military and Atomic Energy Commission.

Once again, it is Clinton who has stepped up to plate and explained the extent of the mess: It will take, the administration announced, 70 years and between $230 and $350 billion to clean up the toxic waste produced by the production of nuclear arms.

You do not have to stop at our shores to come to the conclusion that Clinton has thus far outshone Truman. The great foreign policy decisions attributed to Truman, remember, did not come until later in his term. In the spring of 1947, the country was reeling from the succession of communist victories. Every Eastern European country had fallen to communism except Czechoslovakia, which would not be far behind. China's fall to communism was imminent. And with their reckless use of its veto in the United Nations, the Soviet Union was halting American efforts to shape the post-war world. The United States, it seemed, was on the ropes.



Clinton's first two years outshine Truman's.

Jay Lincoln

Meanwhile, Clinton's foreign policy, though ridiculed mercilessly by Republicans, has been, on the whole, refreshingly successful. The passage of NAFTA and GATT were hard-fought and significant victories. Other successes have been jawdroppers. Answer me this: If you were told two years ago that Israel would sign peace agreements with the PLO and Jordan; that Haiti would have a democratically elected president; that there would be a cease-fire in Northern Ireland; and that the third-largest nuclear power in the world would voluntarily disarm its nuclear capability, what would you say? That's what I thought.

All four developments, to varying extents, can be credited to a foreign policy team that has been

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derided as hopelessly incompetent. The success has even impressed Owen Harries, editor of the conservative *National Interest*. "The charge against the Clinton Administration has been that it is all show and no substance," Harries wrote in *The New Republic*. "But the opposite may be nearer the mark.... [S]ome sensible decisions have been made and some dangers avoided. It could have been a lot worse if the advice given by many of the people now criticizing Clinton had been followed."

Take Ukraine, a newborn Soviet successor state with a government considerably less than stable, which suddenly found itself holding the third-largest arsenal of nuclear weapons in the world. Clinton, Gore, and Secretary of State Warren Christopher pressured and cajoled the country to abandon its hopes of becoming a nuclear power. Under this constant pressure, Ukraine agreed last November to dismantle its 1,800 nuclear warheads. Kazakhstan and Belarus, with considerably smaller nuclear forces, followed suit, giving the world three less nuclear nightmares to worry about.

In the Middle East, the first praise for peace accords certainly goes to the major players: Israel, the PLO, and Jordan. But the Clinton Administration deftly walked a very fine line: Israel would never have agreed to the deal without a strong friend in Washington, while the Palestinians and Jordanians would have balked if they felt the administration was one-sided or unfair to their concerns. It is a testament to the trust won from both sides that the peace treaty was signed on the White House lawn.

Most pundits felt that democracy in Haiti was a pipe dream. Bush hemmed and hawed as the military junta settled in and terrorized the Haitian people; thousands fled to the United States. But Clinton's policy, despite messy appearances, has led to the bloodless overthrow of a military dictatorship and the restoration of that country's first democratically elected president.

And in an effort to bring an end to the decades-long fighting in Northern Ireland, Clinton has stood up to England (our "special relationship" notwithstanding) to force it to deal with its troubles in Northern Ireland. When in 1993 Clinton agreed to grant a visa to Sinn Fein leader Gerry Adams to visit the United States for the first time, British legislators openly insulted the President, saying that America had betrayed its trust. But over British objections, Clinton has allowed Adams to return twice more to meet with the administration and continue the push for peace. Eight months into the cease-fire, Clinton's persistence has paid off in lives.

True, there is no "Clinton Doctrine" by which to measure every foreign policy question that comes down the pike. It would no doubt make things easier if there were. But simple doctrines work in simple worlds. Presidents from Truman to Reagan could vow to fight communism wherever it reared its head. Whether or not they met their promise, they at least had the pose.

Clinton, then, is being penalized because there is no mortal threat to the country. The vast majority of armed conflicts in the world today are either civil wars or ethnic conflicts. No simple formula applies. The process has at times seemed messy, but in a subtle and deft fashion, Clinton has loosened diplomatic knots of Gordian complexity.

Truman went on, of course, to make some of the shrewdest and politically courageous decisions of the century: the Marshall Plan in the summer of 1947; the desegregation of the military in 1948; and the Berlin Airlift that same year, which, without provoking war with the Soviet Union, broke the blockade of West Berlin. While pundits hang the lame-duck tag on Clinton, they ignore that if Clinton maintains this pace, and continues to better Truman domestically and abroad, Americans could see an enormously successful presidency.

Similarly, the predictions that Clinton has no chance in 1996 miss a crucial point. Like Truman, Clinton has an uncanny ability to project an empathy with the American people. Truman was profoundly unpopular at this point in his first term. In November of 1946, his approval ratings stood at 32 percent. But in 1948, voters compared the warmth and humility of Truman to the arrogance of Thomas Dewey and chose the man they felt cared most about their problems. By this standard, Bill Clinton will never suffer from comparison to a man like, for example, Phil Gramm. Clinton could still pull off that Trumanesque comeback, and those who wish to make parallels between the Man from Independence and the Man from Hope will have one more comparison to draw. □

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The Perils of Privatization

Politicians are hot to hand government over to private contractors. But if they ignore history—and common sense—we'll all be a lot worse off

BY JOSHUA WOLF SHENK

Monkey Island was once a very sad place. The South American Spider Monkeys who lived there had no trees, just ropes and jungle gyms. They didn't have grass or dirt, just concrete. And the whole island—an exhibit at the San Francisco Zoo—fissured after the 1989 earthquake.

Until recently, in fact, the entire zoo was in dismal shape. Maintenance, gardening, and custodial services had been cut back and a number of educational programs eliminated entirely. Then, in 1993, the city put management of the crumbling zoo in private hands.

The turnaround has been remarkable. The new management, the San Francisco Zoological Society, boosted budgets for marketing and advertising, drawing 1,500 new members and an estimated 60,000 new visitors annually. It promptly raised $12 million and renovated exhibits for otters, flamingos, and kangaroos. And Monkey Island will be replaced with an enormous South American Gateway, complete with a cloud forest aviary, an underwater viewing area, and five kinds of exotic monkeys. Handing the reins to the Zoological Society has meant "not just the zoo's salvation, but a renaissance," says David Anderson, the zoo's director.

When House Speaker Newt Gingrich, and even President Clinton, talk of privatization, they want you to think of the San Francisco Zoo. By replacing stolid government bureaucrats with vibrant entrepreneurs, they say, we'll get better service for less money. Privatization—involving the private sector in public services, or selling state assets outright—is hot in 1995. In particular, contracting out—hiring a business or non-profit to do the public's work at taxpayer expense—is the vogue, bipartisan answer to all sorts of governmental problems. The Internal Revenue Service wants private firms to hound those in debt to the government; the Bureau of Prisons wants private firms to lock up prisoners of the state; the Central Intelligence Agency wants private firms to, well, "gather intelligence."

What else is on the block for privatization? Everything from housing to air traffic control to food and drug inspection. "I've never seen anything like this," marvels Bob Poole, chairman of the libertarian Reason Foundation. "It's a contest to see who

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can privatize better and faster."

But neither privatization generally nor contracting specifically is a new idea. And while many politicians are hot to boast of its benefits, they seem afflicted with selective amnesia. Yes, contracting can spur efficiency. But it can also be a disaster. Remember the Pentagon's $544 spark plugs, $999 pliers, and $547,000 fax machines?

In fact, much of what commonly passes for "bad government" is actually bad contracting. Medicare is a fine example. The program is almost entirely run by private medical equipment suppliers, hospitals, insurance companies, and "fiscal intermediaries"—the people deciding who, what, and when to reimburse. They do such a poor job that recent Senate hearings found $27 billion a year in annual fraud. In one case, a Texas supplier of medical equipment billed the program for $1 million worth of custom-fit orthotic body jackets, when it actually delivered wheelchair pads worth far less.

Much of what commonly passes for "bad government" is actually bad contracting.

Politicians love to tout the efficiency of the private sector as a salve for bad government. But over the last 50 years a virtual shadow government of contractors has sucked up taxpayer money and chipped away at the legitimacy of public institutions. Without clear guidelines, good information on what contractors are doing, and the ability to fire them when they screw up, government often ends up spending much more than it would cost to do the work with its own employees.

"Steer, don't row" is the nineties mantra of public sector reform. And though private enterprise and competition have a place in government, experience shows that all hell breaks loose when we contract out and take our hands off the rudder.

And bad management costs more than money. When contractors assume the authority of elected officials and civil servants, that's when government begins to rot. As the country saw in the Iran-Contra affair—when Oliver North essentially contracted out foreign policy to arms dealers such as Richard Secord and Albert Hakim—some matters of the state shouldn't be put in private hands to begin with.

Not Always Better, or Cheaper

"The thread of similarity that runs through all privatization," says Rep. Scott Klug, the Wisconsin Republican who is Gingrich's point man on this issue, "is increased value to the taxpayers.... The private sector, driven by profits and regulated by market forces, performs more effectively, more efficiently, and at a lower cost."

If that were the case, the Department of Energy (DOE) would have the finest record in federal government. It relies more heavily on the private sector than any other agency, paying out 80 to 90 percent of its budget to such corporate giants as General Electric and Martin Marietta. It has only 20,000 civil servants and anywhere from 7 to 10 times that number of employees on private contract. (The precise number is in dispute.)

But DOE contractors have a miserable record.

Take the plant built in Rocky Flats, Colorado to produce plutonium triggers for hydrogen bombs. In theory, the contractor, Rockwell International, followed orders from civil servant plant managers. But while officials looked the other way, Rockwell poured toxic and radioactive waste into the ground, and stored more in leaky metal drums. It eventually left 108 separate waste dumps and toxic solvents in the earth at 1,000 times the acceptable concentration.

The problem, DOE's inspector general found in 1991, was the government's attitude: "stay out of [Rockwell's] business and let them run the show." This held true even after DOE was alerted to the trouble. In many cases it even relied on the criminals to clean up the crime scene. At Rocky Flats, DOE officials gave Rockwell $27 million to clean up five "ponds" of radioactive

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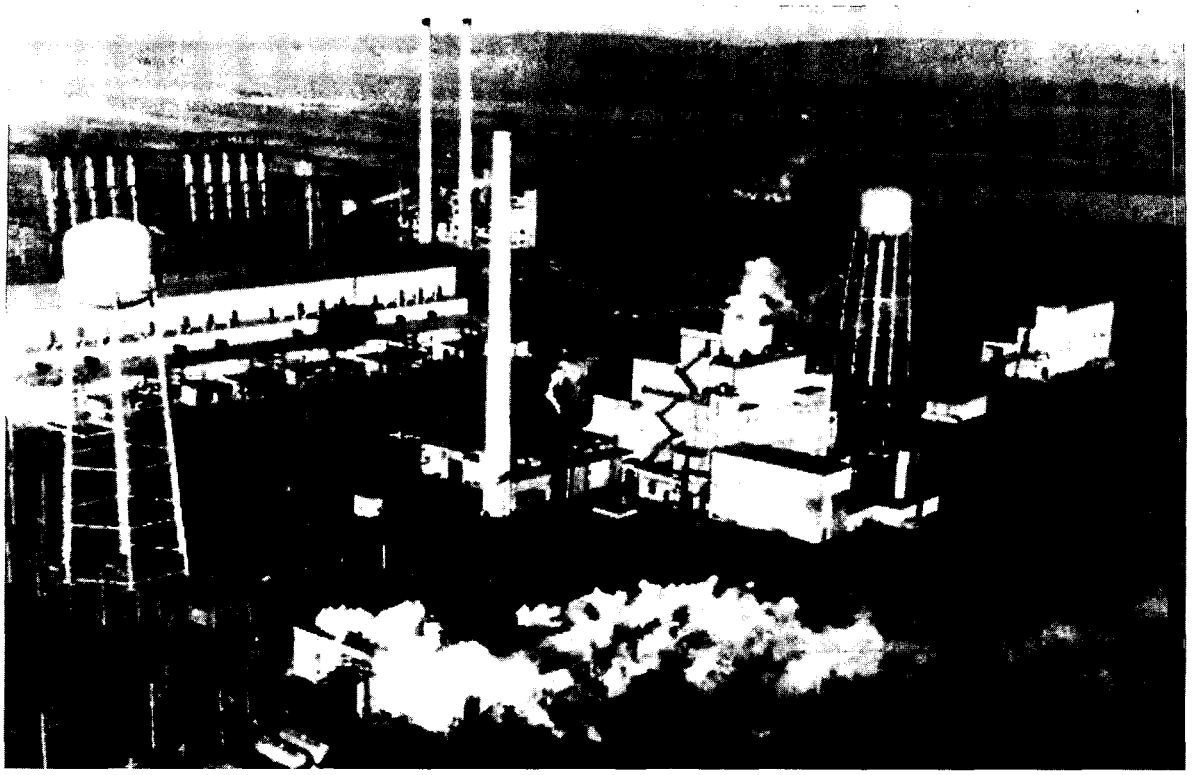

Run by contractors Du Pont, General Electric, and Rockwell, this DOE plant in Hanford, Washington has been called "arguably the most polluted place in the Western world."

and hazardous waste that it had helped create. But Rockwell bungled the complicated procedure—supervisors caught their error, but not before the "cleanup" was nearly complete—and the General Accounting Office now estimates that cleaning the pond will take until 2009, at a cost exceeding $170 million. The DOE's market-driven response: From 1986 to 1988, when Rockwell's performance was dismal, it received a rating of 90 out of 100—and $26.8 million in bonuses.

Rocky Flats is hardly unusual. DOE presides over 14 major nuclear facilities and is, Donald Kettl writes, "an administrative shell over a vast empire of contractors." "Shell" is right. The department's management is so thin and the burden of oversight so heavy that there is virtually no accountability.

DOE's 560 square mile site in Hanford, Washington, run by Du Pont, General Electric and Rockwell, has been called "arguably the most polluted place in the Western world." The site has 1,400 dump sites with 440 billion gallons of high-level radioactive waste, and three billion tons of contaminated soil. "Death mile," an area adjacent to the site, has seen 50 percent of its residents die of cancer. Other contractor-run sites, notably Savannah River, South Carolina, and Fernald, Ohio, have been equally disastrous. Cleaning up this mess, estimated to cost between $230 and $350 billion, would be the largest public-works program in history.

As DOE shows, when the government contracts out, the lack of qualified managers—or sheer incompetence—often leads to a surrender of authority to the shadow government. With time, as contractors make the crucial decisions and develop expertise and authority, the government starts working for the contractor instead of the other way around. Decisions that should be the province of elected officials fall into the hands of hired guns.

Nowhere is this surrender—and its alarming consequences—clearer than with the Environmental Protection Agency's Superfund program. Superfund, designed to clean up especially noxious waste sites, is often cited as a prime example of government ineptitude. But the 1980 law

Associated Press

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that established the program was a privatizer's dream: It placed a tight limit on EPA's administrative budget, forcing it to rely heavily on contractors. In theory, government would make the decisions and contractors would do the work.

In practice, though, the government has run Superfund in name only: "Nearly all the important information, the analyses and ideas come from consultants and contractors," reported the Office of Technology Assessment. For-profit contractors decided which sites to clean up, how to do so, and what constituted success. They drafted regulations, standards, and congressional testimony. Contractors even trained other contractors and evaluated their performance.

If the privatization formula worked the way advocates claim, the Department of Defense would be the model of market efficiency.

Abuse has been rampant. Many of the contractors have worked simultaneously for both the EPA and the industries that had created the waste they were cleaning up. With few of the resources needed to keep contractors honest, EPA has paid millions in bogus charges. One company, the engineering firm CH_2M Hill, billed the government for use of the firm's private jet, alcohol for employee parties, and tickets to Denver Nuggets basketball games.

Superfund and DOE are only two examples of a much larger crisis. Asked by Senator David Pryor (D-Arkansas) if other government contractors were performing "inherently governmental functions"—deciding where and how to spend taxpayer money and exercising judgment on matters of due process—a GAO report responded with a resounding yes. In just a few agencies it found dozens of examples.

That's a problem. Citizens expect their elected officials to act on their behalf and to be accountable when something goes wrong. But when government is divided up among so many for-profit subsidiaries—with virtually no oversight—that essential pact is violated. If this seems remote and theoretical, think of the millions of Americans who live near DOE nuclear facilities or Superfund sites. Or consider that the billions in taxpayer funds wasted on these debacles could have been spent on, say, schools or health care.

Often, it does come down to money. The case for contracting out depends on promises that it will save money. But the public often ends up paying exorbitant prices for inferior goods or services—not exactly the model of free-market efficiency. The Defense Department—whose annual budget of several hundred billion dollars for contract spending is the largest of any federal agency—is the epitome of this contradiction. The $65 billion B-2 bomber contract with Northrop, for example, was expected to yield 130 of the stealth fighter jets. Now, the price tag has ballooned to more than two billion dollars per plane, and the Air Force will get only 20. The A-12 attack jet program was canceled after costs reached $17 billion—triple the original estimate.

Competitive bidding is supposed to keep costs down. But multiple bidders are sometimes a luxury, particularly when weapons—like the B-2—are developed in secret. And the consolidation of arms companies—Northrop with Grumman, for example, and the recent purchase of E Systems by Raytheon—makes healthy rivalry even more scarce.

Lack of competition is why the Pentagon often countenances corruption. In 1986, when 45 of the Pentagon's top 100 contractors were under criminal investigation, a general explained to *The New York Times*, "It would be swell if I could say, 'You're a naughty boy and I'm going to cast you into oblivion.' But if I do, where am I going to buy the submarines and tanks that I need?" Competition is sometimes so scarce that the Pentagon contracts for goods it admits are unnecessary, just to keep a contractor in business. Defense Secretary William Perry, for example, ordered a third $2.3 billion Seawolf submarine because shutting down the production line and reopening it in the future would be far more costly.

This doesn't mean we should dump all contractors. But privatizers tempt us with promises of a mature marketplace—with competition, high

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quality, and low costs. Innovation is always rewarded in this perfect world, and inefficiencies always rooted out. You see this with personal computers—they get faster, cheaper, and more user-friendly each year. But the fact is, the government often buys things no one else wants; its markets are more like used-car lots than computer superstores: few choices, questionable quality—with a hustler for a salesman.

This applies to more than just high-tech weapons of destruction. In 1982, for example, Northrop bid to provide basic services—food, supplies, maintenance, and the like—to a base in Fort Eustis, Virginia. The Army expected to save $13.9 million per year. But Northrop had lowballed its estimate, and ended up costing the military $600,000 more than if the work had stayed in-house.

In fact, the contract—known as a "cost-plus contract"—gave Northrop an *incentive* to overcharge, since the company was paid for its expenses and then given a percentage bonus. This is like hiring a house painter and paying him a percentage of whatever his materials cost: He'll want to buy the most expensive paint possible, and maybe even hire some extra help. It's hard to believe, but this arrangement is not unusual in government contracts. And the outcome is almost always the same. At Fort Sill, Oklahoma, Northrop's cost in the first two years of a cost-plus contract exceeded its bid by $14.8 million.

In the federal government, stories like these are just about everywhere you look. In a 1989 Office of Management and Budget study, half the federal programs at "high risk" for abuse relied on contractors, and 80 percent had some tie with the private sector. In 1992, OMB "swat teams" found massive abuses by contractors, and a House committee concluded that "ineptitude, poor planning and inadequate auditing" and "venality and corruption ... cost taxpayers billions of dollars in faulty procurements each year." With 16 years of experience monitoring service contracts, Senator Pryor asserts that they're a poor bargain—often costing 25 to 50 percent more than if the government did the work itself.

State and local governments are particularly susceptible to privatization myths. Confident that the market will take care of itself, they often grow complacent—a sure recipe for disaster. When a massive fire burnt down a high-rise building next to City Hall in Philadelphia—three firefighters were killed fighting the blaze—the city found that its contractor, the Penn Sprinkler Company, hadn't made sure the valves were adjusted properly.

Of course, money can be an extraordinarily effective incentive. After the L.A. earthquake, contractor C.C. Meyers rebuilt a crucial portion of the Santa Monica freeway two months ahead of schedule for a $14.5 million bonus. And stringent oversight by state-employed engineers ensured that Meyers didn't cut corners. But just like the worst bureaucrats, many contractors see the government as a bottomless pit of money and resources. Left on their own, they will push for more and more.

When government shops for goods or services, potential pitfalls are everywhere. For example, there's the inherent threat of corruption. In states and cities, many public agencies were created in reaction to corrupt political machines, such as Tammany Hall in New York, that used municipal contracts to earn cash and political capital. With their monopoly guaranteed, contractors could ignore what the public really wanted. Recently, two of the largest waste disposal contractors, Waste Management Inc. and Browning-Ferris Industries, paid $50 million in fines to settle charges of price-fixing and rigging bids.

And corruption isn't always so overt. Public bureaucracies are often ridiculed for being so entrenched: They go on and on, even after they've outlived their usefulness. But you can bet that contractors—often dependent on government business as a primary source of revenue, if not a sole source—become entrenched as well.

If the B-2 were judged solely on a cold calculation of cost and benefit, it would be long dead. But Northrop lobbied fiercely to keep the project alive. Indeed, major defense contractors all have their own political action committees—many have more than one. When President Carter tried to kill the B-1 bomber, Rockwell launched a massive lobbying campaign to save the project. In 1986, when General Dynamics was in hot water from a criminal investigation, its PAC contributed campaign funds to 41 of the 47 members of the House Armed Services Committee. Success or failure for contractors, observes Harold Seidman, "depends more on their skill in manipulating the political system than on competing in

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the marketplace."

There are other pitfalls. Conflict of interest, for example, is evident among contractors hired by the Agency for International Development. The agency hired the accounting firm Deloitte & Touche to determine which services Eastern European countries needed—and Deloitte successfully recommended itself to do the work.

When government is their primary (or sole) revenue source, contractors are prone to become as entrenched as the worst public bureaucracies.

Indeed, non-profits don't necessarily deserve any more trust than corporations. The former chief of United Way of America, William Aramony, was convicted in April of 25 felony counts, including conspiracy, fraud, money laundering and filing false tax returns. He had spent hundreds of thousands of dollars of the charity's money on personal trips and gifts for his girlfriend, and spun off fraudulent for-profit subsidiaries. Guess who's a government contractor? That's right. United Way is the steward of a $130 million program for the Federal Emergency Management Agency.

Trouble Behind, Trouble Ahead

Unfortunately, politicians of both parties and of all ideological stripes won't let the problems with contracting dim their enthusiasm for increasing its scope. Clinton, for example, has proposed in his fiscal 1996 budget to turn over five recently built prisons, with 6,349 new beds, to private firms. The President would also see that all future minimum and low-security federal prisons be built, owned, and managed privately.

Set aside for a moment the visceral objection—that incarceration is an inherently public responsibility. Are private prisons a better value? It's doubtful. Companies like industry leader Corrections Corporation of America say they save the government an average of 20 percent. In some cases, those figures hold up—mostly due to cheaper labor costs. Still, private prisons are almost exclusively low-security—cheaper to operate than higher security prisons. And even within the low security system, officials tend to assign potential trouble-makers to the public prisons and leave the privately operated ones with more docile populations. Moreover, evidence from juvenile and immigrant detention—where private firms have a longer history—show long-term savings to be negligible. The cost to the Immigration and Naturalization Service is 20 percent *higher* for privately-run centers.

Private prisons are also virtual monopolies, and thus ripe for abuse and stagnation. When the Corrections Corporation of America receives stewardship of a prison, it requires, at minimum, a contract of 20 or 30 years. And in the future, they'll likely not just manage but own the facility. If an inspection found rats running the halls and guards beating the inmates, the government would have little option but to work with the contractor to improve things. So what are the advantages of bringing in a for-profit company?

The administration also wants to contract out, among others services, medical research and disaster relief. "We are looking at everything," says Elaine Kamarck, an advisor to Vice President Al Gore, "and asking: 'Does the government need to be in this business?'" That's a fair question. But the contracting option doesn't answer it "yes" or "no." When a function is contracted out, the taxpayers are still paying.

The political advantages of contracting out are obvious. The public sector has a miserable reputation among voters, while the private sector is revered. But the smoke-blowing about reducing government obscures what's really at stake: not *what* government should do, but *how*. Anyone who watches government closely could match these contractor horror stories with equally horrendous tales about the public sector. But the point isn't that we should always dismiss contractors—just that we shouldn't assume they'll do a better job.

Once the decision is made to contract out, competition is an important part of the strategy to keep good performance. Before it yielded so completely to arms manufacturers in the fifties, the military had its own labs and could make

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weapons for itself. And when it did ask for bids from private companies, it had a yardstick. "We can do it for this much," the government could say. "What can you do?"

The yardstick principle is what prompted the creation of the Tennessee Valley Authority, in its early days a helpful means of judging the efficacy of private utilities. Clinton did the same thing with the student loan business. It's useful to have private capital to bankroll federally-insured loans. But whereas private banks and organizations like Sallie Mae, which buys loans from banks, once had a monopoly, Clinton introduced partial direct lending, allowing us to measure the performance of both public and private loans.

"If you bring in a private contractor with a monopoly," says Indianapolis Mayor Stephen Goldsmith, "you're not going to be any better off—maybe worse." He's right. Goldsmith has pushed privatization hard, but he allows city workers to bid for contracts against private businesses on services from fixing potholes to repairing engines. In a majority of cases so far, public workers have won, and the mayor has cut $100 million in costs since he took office in 1992. The other side of the coin is Massachusetts, which has private automobile insurance, but doesn't allow competition. The result is the highest premium rates in the country.

Selling Out

Of course, contracting is not the only form of privatization. Most broadly, the term applies whenever a public function is mixed with elements of the private sector. So something as mild as structuring public agencies to mimic private businesses—the stuff of "reinventing government"—is privatization. So is selling state assets outright, as Britain has done with British Airways and British Petroleum, for example. But unlike Britain, which had nationalized much industry after World War II, the United States doesn't have much that can be sold.

But that won't stop congressional Republicans. They're positively loony, having gone so far as to ask National Park Service Director Roger Kennedy for the market value of each of the nation's 368 park units—from Lafayette Park to Yosemite. Of course, some government assets do have a tangible value. Republicans want to sell the Strategic Petroleum Reserve, for example, the government's oil stockpile created to guard against another energy crisis.

Sure, this would net a few billion dollars. And the sale would be a good selling point for deficit hawks. But the one-time influx of cash hardly offsets the damage done. It's as if the Republicans had just bought a restaurant and, alarmed by the debt, decided to sell off the fire extinguishers. We have that reserve of oil for a reason. And there's no reason to believe that the energy shocks in the seventies—and the resulting double-digit inflation—might not happen again without it.

Reserve skepticism, too, for plans to improve the Food and Drug Administration and the Federal Aviation Administration. Both are in line for privatization. Neither should be.

In a market economy, one essential function of government is to temper the extremes of private enterprise, to make up for its shortcomings. Americans believe, legitimately, that businesses can't be trusted to care for their health and safety. Yet Gingrich has suggested replacing the FDA with private "entrepreneurs." But can a company that invests millions in a product be trusted to decide whether it belongs on the shelf? Of course not. That's why the FDA was created in the first place.

The same goes for air traffic control. Everyone agrees that the air traffic control system is saddled with management trouble and out-of-date technology. Much of the computer network looks like something out of *War of the Worlds*—with tubes and fans that preceded the modern microprocessor. The prevailing wisdom is that this represents the failure of government, that air traffic control must be privatized.

Some Republicans would give air traffic control directly to the airlines. But when it comes to passenger safety, the lust for profits must have its limit. That's why government got involved in the first place.

The Clinton Administration would take the more modest step of spinning off air traffic control as a government corporation. "The billions of dollars of waste that we have seen over the last 10 years in an inefficient procurement system will be eliminated," says Transportation Secretary Federico Peña. "The corporation will be able to use the same kind of procurement rules

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that any private company can use, and bring on that technology much more cheaply [and] efficiently."

Peña pretends that FAA's woe stems from having to follow the rules and regulations of a government entity. But the General Accounting Office has shown repeatedly that the problem is bone-headed management—something that won't disappear with privatization. A large measure of the trouble is with Congress, which is resistant to necessary capital improvements that are expensive in the short run. And poor planning and oversight of contracts has been a big part of the agency's problem: IBM's overhaul of the FAA's computer system has been plagued by cost overruns and chronic delay.

For decades, public officials have responded to crises, like the current one at FAA, by creating quasi-governmental bodies. There are dozens of them—from Amtrak to the Federal Crop Insurance Corp. to the U.S. Postal Service.

But government corporations aren't the answer. Neither is contracting. For that matter, no amount of adjusting organizational structures eliminates the essential truth: Government won't work without oversight and accountability all the way down the line.

As politicians face the monumental task of reviving public confidence in their government, you might think they'd move to strengthen the institutions that help keep the government—no matter what its size or shape—on its toes.

But Republicans in Congress plan to do the exact opposite. Led by Phil Gramm, they've proposed eviscerating the General Accounting Office and the Office of Technology Assessment, watchdogs who tell the government what's working, what needs improvement, and what's on the brink of collapse. A Gramm aide told *The Wall Street Journal* that the GAO is mostly good for "bean counting" and that it spends "a lot of its energy in policy areas where it has ... no business."

This is nonsense. Gramm wants to cut the GAO for one reason: With a $443 million budget and no entrenched lobby on its side, the agency is an easy target. But the meager short-term savings will pale in comparison to losing one of government's few effective means of keeping tabs on its vast labyrinth of employees and programs. The OTA is an even bigger bargain. With only 143 employees, it produces incisive reports on the most complicated initiatives—from "Star Wars" to health care. And since both watchdog groups write in clear, accessible language, there's no danger their reports will be buried. Through newsletters and journalists, the information is conveyed directly to the public.

Republicans pretend that cutting GAO and OTA is part of the way to make government leaner and more effective. "How can GAO be more efficient?" asked William Roth at a Senate Governmental Affairs Committee hearing. "How can they emulate the private sector to do more with less?"

But emulating the private sector would mean beefing up the watchdog agencies, sending a message that oversight and accountability would receive top priority.

If the DOE and EPA examples aren't evidence enough that agencies need prodding, think back to the fiery explosion of the Space Shuttle Challenger. The disaster, which cost seven lives and shook the country's confidence in its space program, was traced to a faulty "O-ring" seal made by a NASA contractor, Morton Thiokol.

The contractor was aware of the O-ring's flaw—and what would happen if it failed—for years. They ignored the warnings. Tragically, so did NASA. The agency adopted a "hear-no-evil, see-no-evil" approach. As Donald J. Kutyna, a member of a presidential commission, told *The New York Times*, "No one wanted to be the one who raised a show-stopping problem. No one had the guts to ... say, 'This thing is falling apart.'" In other words, no one was willing to take responsibility.

Having made an art of free-lunch social policy, Republicans will continue to argue that the private sector holds the answer. If a public agency can't be contracted out, they'll say, then tinker around the edges to make it look more like a business.

But life gets a little more complicated when you leave Monkey Island. We have no lack of innovative public-private partnerships—a full 50 percent of federal spending already goes to grants and contracts. The problem is something different, something simpler: If you don't know who is supposed to be feeding the monkeys—and whether they're doing it right—the monkeys are bound to go hungry. □

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Who's Who

Kenneth Starr has an interesting approach to moral and ethical issues in his own life. The Whitewater prosecutor has agreed to represent Brown & Williamson, a leading cigarette manufacturer, in a proceeding before Judge **David Sentelle**, the man who appointed Starr to be the Whitewater prosecutor. You know how I hate to rush to unpleasant conclusions, but is it possible that Brown & Williamson chose Starr because it knew Sentelle admired him? And could Starr be one of those lawyers who will accept any client who can pay him enough, regardless of the dope they deal?...

Speaking of lawyers and ethics, **Greta Van Susteren**, who has been the legal commentator for CNN during the Simpson trial and has often been interviewed by the media on other legal and ethical isses, was recently charged with ambulance chasing by the West Virginia State Bar. Her firm is accused, according to the *Charleston Gazette*, of "wrongly pestering the families of state residents injured or killed in accidents between 1990 and 1993."...

Several years ago **Karen Johnson** went to jail rather than testify against **Marion Barry**. At the time many wondered if she received some tangible form of gratitude. Now comes the answer. According to a recent article in *The Washington Post*, she "received money from some Barry associates ... more than $20,000."...

Christine Whitman's reputation for fiscal wizardry took another step toward oblivion when the nonpartisan Office of Legislative Services predicted in late March that New Jersey would take in $680 million less in revenue than she had projected....

EPA Director **Carol Browner** was recently stopped by guards at the White House and asked to identify herself, according to the *Los Angeles Times*, which asks if this means that environmental concerns are not really on Clinton's front-burner. "Now, two years into the administration, she's such an infrequent White House visitor that guards fail to recognize her."...

"**Mrs. Clinton** is greatly resented by most of the President's staff. Some hate her, more try to avoid her," according to columnist **Richard Reeves**. "Some," he continues, "see the President as a hostage to his wife, turning his palms up, shrugging slightly in a 'What can I do?' gesture. It happens whenever Whitewater or family finances is the subject."

What Reeves says squares with what we've seen and heard. The staff, he goes on, "still talk about the end of 1993 [when Clinton] would come downstairs yelling and sulking, obviously distracted by the reaction upstairs to a nasty article in the *American Spectator* stringing together allegations, guesses, and rumors about his sex life in Arkansas. At the White House Christmas party, the Clintons left after only five minutes. They were barely looking at each other."

Could it be that it was Clinton's guilt and embarrassment about the *Spectator* article that caused him to allow his wife to make the disastrous mistake that same December, against the advice of almost the entire White House staff, of stonewalling on Whitewater?...

Sam Donaldson has collected $99,000 in wool and mohair subsidies from the Department of Agriculture i just the last two years, according to a recent report in *The Wall Street Journal*. No, silly, it wasn't for Sam's rug, but for the sheep and goats he was raising or not raising—with those crazy farm subsidies, it's hard to b sure which—on his New Mexico ranch....

According to **James Warren** of *The Chicago Tribune*, who closely follows the speaking engagement of Sam's ABC colleague **Cokie Roberts** and her husband **Steve**, the couple collected $45,000 for an appear ance on behalf of a Chicago bank and an undisclosed sum—their usual fee is $35,000—for a meeting with Phillip Morris customers billed as "Change in Washing ton: A Media Perspective with Cokie and Steve Roberts." There is supposed to be an ABC policy again paid speaking engagements before for-profit and trade associations. This may explain why Cokie's spokesmar denied to Warren that she was involved at all. Phillip Morris told Warren that Cokie "had called to say she w sick and couldn't make it." Did Cokie accept in order t help Steve get the fee, then withdraw so as not to upset ABC? Did the couple collect the usual $35,000? Did Steve get to shoot the breeze with Kenneth Starr?...

Continuing on the who-takes-money-from-whom st ry, the Center for Responsive Politics recently documented the source of **Phil Gramm**'s campaign financing from 1987 through 1994. $1.04 million came from oil and gas interests—Gramm opposed **Bill Clinton**'s proposed energy tax. We would never be so vulgar as t allege this was tit for tat, but there are some other fasci nating coincidences. $655,999 came from health professionals—Gramm fought Clinton's health plan, ragir "This will pass over my dead body." $392,546 came from commercial banks—Gramm blocked the Fair Credit Reporting Act, which would have required bank to fix mistakes in consumers' credit reports....

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Cokie cashes in … Sununu sobs … Falling Starr … Hubbell trouble …

Newt Gingrich not only legislates in a way that ases his corporate donors, he endorses their prod- s. In one video for his college course, the products Milliken & Co., whose owner is a big-time contrib- r to Newt's GOPAC, were pitched in a manner t seems more appropriate to the Home opping Network: "In carpeting, lliken offers its customers a oice of over 1,000 colors and terns in almost any lot e with a delivery sched- of just seven days." In a speech on the use floor, Newt ised another ntributor. "I looked at program Southwire has quality which is making it ational leader in producing el, aluminum, and copper re." The company is not actly a leader in another one its products, fertilizer. In t, according to *The shington Post*'s **rge F. Kovaleski d R.H. Melton**, o uncovered se juicy tidbits, e company ently pleaded guilty to sdemeanor charges that it was olved in shipping overseas large antities of toxic waste labeled as tilizer but in fact contaminated with lead."…

Speaking of juicy tidbits, more continue to emerge out **Ron Brown**'s close friend and business associate **landa Hill**. We've heard about how she took care of n and her relatives with money that could have gone pay off her debt to the FDIC, meaning her debt to , but it is now clear that she was doing an even better of taking care of herself. The television stations ose revenues could have been paid to the FDIC re used to pay management fees of more than 5,000 a week to Hill's company Corridor, which in n paid for a $6,000-a-month apartment for Hill and at *The Washington Post* describes as "her cherry red ecial edition Corvette," her two Harley-Davidson otorcycles (yes—she is an original) and all her first- ss travel expenses….

One of the media's most widely liked personalities, NBC's **Tim Russert**, recently received in the area of $20,000 for holding a mock "Meet the Press" before the American Bankers' Association with **Bob Dole** and **Robert Rubin** as the guests. We like Tim, too, so we'll try to explain to him why this wasn't a good idea. He is now indebted to Dole, Rubin, and the bankers—Dole and Rubin, who weren't paid, because they helped him earn the $20,000, and the bankers because they paid the money….

The prosecutions produced by the Whitewater probe may be rooted not in Whitewater, but in **Suzanna Hubbell** and her children. Recall these words from a December 28 *New York Times* story about **Webster Hubbell**:

"One close friend recalled seeing him shake his head in disbelief when his wife and children returned to Little Rock from Dallas with a large pile of bills and clothes from their annual shopping spree.

'In a perverse paradox, what did him in was his generosity to his family,' theorized a friend who has known him for decades."

Now what may do the White House in are Suzanna Hubbell's telephone calls to **Bruce Lindsey** and **Marsha Scott** and subsequent discussions between White House staff and Interior Department officials about a job and salary level for Mrs. Hubbell at Interior. Legal experts tell me that there was nothing naughty about Hubbell asking Interior for her old job back. But, as we noted last month, when she got the White House—fearful of what her husband might tell Whitewater prosecutors—to intervene on her behalf, obstruction of justice charges against the officials and their boss (assuming he knew about the intervention) became a distinct possibility….

Among **Marlin Fitzwater**'s White House colleagues who will not be amused by his forthcoming *Call the Briefing* are **Richard Darman** and **John Sununu**, who are described as being unbearably arrogant: "Staff meetings were a farce in which no one said anything for fear of being publicly humiliated" by one or the other. Another morsel from Marlin is the identical reaction that three chiefs of staff—Sununu, **Donald Regan**, and **Samuel Skinner**—had to the news that they were getting the axe: They all broke down and cried….

—*Susan Threadgill*

Roman Genn

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Move Over, Charles Keating

The real thieves are the ones who do it legally. Meet the lobbyists behind the financial scandal of the century

BY AMY WALDMAN

Mother Teresa called him Charlie, as in, "How is my friend Charlie Keating?" That was the Calcutta matron-saint's first question to Senator Dennis DeConcini when they met. To her, Keating was the devout Catholic who had given her a $1.4 million donation.

To most Americans, Charlie is a crook. Keating's abuse of his Lincoln Savings and Loan—and the favors he purchased from DeConcini and four other senators—provoked a $2.5 billion taxpayer-financed bailout: 10 dollars from every man, woman, and child in America. Keating personifies the rank thievery that characterized the savings and loan crisis, the largest financial disaster since the Depression. It has already cost at least $110 billion—a figure that could more than triple by the time we finish paying. This debacle made it more difficult for Americans to buy homes. And it left the country deeply cynical about the failure of its political system. Much of this you can blame on greedy rogues like Charles Keating.

But not all.

In the seventies and early eighties, a host of special interests, including some you might not suspect, laid the groundwork for the crisis. Consumer and senior citizen groups—groups often assumed to speak for the public interest—put thrifts in a desperate bind by lobbying to keep loan interest rates low and deposit interest rates high. In other words, S&Ls had to pay out a lot more than they could take in. In return, another set of lobbyists, speaking for a small but powerful group of S&Ls, pushed Congress to jack up their insurance coverage to $100,000 per depositor, exposing their insurers—the taxpayers—to more risk. In 1982, those same thrifts won permission for S&Ls to move beyond low-risk housing loans. This encouraged renegade thrifts to take risky gambles with federally insured money. Charles Keating was just around the bend.

As lobbies press the 104th Congress to give banks greater risk-taking powers, while leaving their deposit insurance safety net intact, it's worth remembering what the S&Ls taught us: When special interests, competitive or cozy, come together to make policy, the outcome rarely reflects the com-

Research assistance provided by Michael Mayo.

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mon good. As the S&Ls brazenly remade themselves in the early eighties, special interests got a lot. All we got was screwed.

The Old, the Bold, the Angry

The S&L tradition that lobbyists took two years to unravel dates back to the Great Depression. After thousands upon thousands of home foreclosures, the government stepped in, establishing a contract of sorts. Savings and loans, or "thrifts," would be allowed only to make home mortgage loans; in return, their deposits would be insured. Deposits at full-service banks were given the same insurance, but thrifts were allowed to pay slightly more interest on savings accounts to give them an edge in attracting money. Thrifts would also receive tax breaks. As much public utility as private enterprise, savings and loans—and the millions of homes they financed—testified to the success of New Deal liberalism.

For more than three decades, running a thrift was, for most, a blissfully simple business: Take in deposits from the community, give out loans for housing. Americans bought homes in large numbers, so there was no lack of business. Congress controlled competition among S&Ls by capping the amount of deposit interest they could pay and kept banks, thrifts' main competitors, at bay.

Traditional banks weren't happy, but there was little they could do. America's political culture and power centers were changing: The Eastern establishment was increasingly irrelevant politically, and banks embodied that establishment. Banks mocked the S&Ls as the "polyester lobby," but a Democratic Congress thought of S&Ls as the "salt of the earth," and bankers as snobs. "The banking business was hard to get into if you were in the wrong religious or ethnic group," concedes Denis O'Toole, a former lobbyist for the American Bankers Association. "The industry was dominated by Ivy League types, the Brahmins of the community." Savings and loan executives, understanding that their survival depended on political favor, became powerful political animals. They made friends with legislators, and helped run and bankroll campaigns.

Thrifts also had, as their bodyguard on the Hill, the U.S. League of Savings Institutions, one of the country's most powerful lobbies. The League milked the industry's social function, populist image, and its 4,000 members' presence in every congressional district. Long before fax trees or phone banks, the League had mastered grassroots lobbying. At crucial moments, it would blanket the Hill with S&L executives and flood Congress with mail.

But in the seventies, clouds began to mass over this pastoral scene. The thrifts' income came from portfolios of low, fixed-rate 30-year loans—loans to which they were bound. And when inflation began to push up interest rates, S&Ls were hamstrung. They began losing deposits to money market accounts and mutual funds, which, unlike S&Ls, could pay as much interest as they wanted.

In 1979, the storm broke. Paul Volcker, the chairman of the Federal Reserve, "spiked" interest rates—sending them over 20 percent at one point—to control escalating inflation. That year, only seven percent of S&Ls were losing money; only one year later, 85 percent were in the red.

Throughout the seventies, as deposit interest rates rose, the thrifts had been pushing for adjustable rate mortgages, which would allow them to tie home loans to market interest rates. In other words, if a thrift's deposit payments went up, so would its charges on loans.

This was crucial. Thrifts' primary income was the interest they collected on loans. And their primary expense was the interest they paid on deposits. Take yourself as an example. If your housing costs and grocery bills doubled, say, and your income stayed fixed, you would be in trouble.

As interest rates rose, S&Ls saw this situation coming and were in effect begging Congress for a simple and effective way to up their income. Jerry Levy, a politically active Wisconsin thrift executive, repeatedly visited his senator, William Proxmire, to push for adjustable rate mortgages. Proxmire, like most of his colleagues, said no.

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His reason? "Consumer sentiment was opposed."

So who were these consumers? In the seventies, consumer lobbying had come of age, producing landmark legislation to protect safety and the environment. Besides Ralph Nader, these activists included the Consumers Union, minority groups, and the Gray Panthers, the network of firebrand elderly activists—"Old, Bold and Angry," one headline read—who pressed for fair treatment on issues from hearing aids to housing. Consumer groups had built-in credibility with the press and politicians: They were presumed to speak for the American people. Often, they did.

But not always. These groups believed that if someone were going to pay more to absorb rising interest rates, it should be business, and not consumers—even if it drove businesses into the ground. And so throughout the seventies, consumer groups beat back the industry's effort to charge market interest on loans, objecting to adjustable rate mortages as too confusing and too costly.

The allure of increasing deposit insurance was that it would appease one lobby without alienating any other.

Then, in 1980, the same groups launched a campaign to lift the limit on the amount of interest that banks and S&Ls could pay on their federally insured deposits. Small savers—many of them senior citizens—could not meet the minimum investments required for high interest money market accounts, and even many seniors who did have enough money for money market accounts mistrusted them because of their lack of federal insurance. And so the Gray Panthers led the fight to lift the cap, spreading buttons with their slogan—"Savings can be hazardous to your wealth"—far and wide. The Panthers worked the press. They went to Capitol Hill.

They also found unexpected allies in historical opponents: the banks. Banks had long chafed under the deposit interest rate cap because it forced them to pay less deposit interest than thrifts and prevented them from competing with money market accounts. Now they saw a way to capitalize on Congress's soft spot for consumers. Citicorp ran a full-page advertisement in *The Washington Post* aimed squarely at Congress, with the words, "Give us $100, and we'll give you $75 back," in reference to small savers' inability to keep up with inflation at banks and thrifts.

Could congressmen say no to feisty grandmothers? Just before one Senate hearing, a four-foot-ten, gray-haired Panther sashayed up to California Senator Alan Cranston, handed him a "hazardous to your wealth" button, and said sweetly, "For me, won't you wear this?" TV cameras caught him and other members wearing the buttons. Public pressure was too strong: Cranston supported lifting the deposit interest cap.

Fearful of direct competition with banks, the U.S. League lobbied fiercely against lifting the cap. It lost. "It was inevitable we would win," says a still-giddy Bob Gnaizda, a public interest lawyer who helped coordinate the Panther campaign.

That's right: The same consumers who refused to pay market interest on their loans demanded market interest, with federal insurance, on their deposits. Lifting the cap may have been inevitable, but denying S&Ls any means to handle the change had not been. Harry Snyder of the Consumers Union today concedes the unfairness of his group's combined demands. "We should have thought that through," he says. "But it's hard at the time to see all the wrongs that need to be righted."

Having satisfied consumers and the banks, Congress needed to placate the thrifts. Threatened with paying market interest on deposits, and mired in a sea of low, fixed-rate loans, thrifts were in a precarious position. And so, as part of the 1980 legislation, their lobbies pressed for an exorbitant increase in the level of insurance coverage, from $40,000 to $100,000, claiming it would help lure depositors.

Now, if your life was insured for $40,000, and you wanted to more than double that amount, any private insurance company would raise your premiums. The S&Ls asked for a better deal: They wanted their coverage raised for free. If something went wrong, the U.S. Treasury—and, by extension, taxpayers—would be left holding the bag.

Many congressmen felt guilty about lifting the interest cap, and wanted to help the small-town

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thrifts they thought it might hurt. The irony, though, was that small thrifts still dealt mostly with small savers, and the increase to $100,000 in insurance meant little to them at the time. It meant a lot, however, to large thrifts, mostly in California, that wanted to compete with banks, and which could use higher deposit insurance to lure big savers from Wall Street and Latin America.

From the fifties, California's thrifts had been hungry. The state's building boom had provoked a desperate rush for mortgage capital. By the seventies, the state had accumulated more than one-fifth of the country's S&L assets. Many California S&Ls became multi-billion dollar institutions, signing Bob Hope, John Wayne, and George Burns as spokesmen. Their top officers became major political players. "He's a son of a bitch," John Kennedy supposedly once said of Bart Lytton, Beverly Hills S&L magnate and Kennedy supporter, "but never forget he's *our* son of a bitch."

While most thrifts were still mom-and-pop operations, thrifts in California—and some in Florida and Texas—were aggressive in their drive to move into commercial and consumer lending. They even had their own lobby: the National Savings and Loan League. Its 250 to 300 members— well under 10 percent of S&Ls country-wide— held more than 20 percent of the industry's assets.

The entrepreneurial thrifts used their muscle to shape industry policy. Most of the National League's members were also members of the U.S. League, the industry's "big tent," which was struggling to balance the interests of the small and large, the conservative and aggressive thrifts. "Our role was to put pressure on the U.S. League and the industry," says Jonathan Lindley, who ran the National League from 1978 to 1983.

Unlike their smaller, sleepier brethren, the aggressive National League thrifts couldn't have cared less about the loss of the interest rate cap; in fact, some argued for lifting it. They saw the lifting of the cap—the thrifts' historic advantage—as the perfect opportunity to secure the $100,000 concession for the industry from an eager-to-please Congress. They lobbied for it, and pushed the U.S. League to do the same. It didn't hurt that both associations had several key friends on the Hill.

One was Fernand St Germain of Rhode Island, the wily, soon-to-be-chair of the House Banking Committee, and a consummate politician with a real talent for rounding up campaign contributions and sweetheart investment deals. St Germain eventually lost his seat after it was revealed, among other offenses, that he had accepted free flights and favorable property deals in 1979 and 1980 from a Florida S&L executive who happened to be a former president of the National League.

St Germain's partner-in-crime was Alan Cranston, then the Senate majority whip. Nineteen eighty was not just any year for Cranston—it was an election year. Since his previous race six years earlier, the cost of campaigning had hyperinflated. He spent more than $2.8 million in 1980, more than any other congressional candidate that year, and he needed California's thrifts to help offset the cost. They did. The California League of Savings Institutions gave him $7,000—a hefty contribution at the time—and the other large thrifts and their employees provided similarly generous gifts.

Cranston needed to offer something to his home state S&Ls, and he was in a position to do it. The allure of increasing deposit insurance was that it would appease one lobby without alienating any other. Hundred-thousand-dollar deposit insurance cost nothing up front. Even the banks liked it. Best of all, there were no well-heeled representatives of future taxpayers to contend with.

The new insurance level debuted during what they call on the Hill a "loose" conference, when items not in the House or Senate versions are added to the final bill. Lobbyists do their best work at such times, which is why the National League's Jim Cousins says he was "all over" members and staff offices pushing the increase during the heated conference. The bill that came to conference raised the insurance level to $50,000. No one is certain who initiated the amendment for more, but Richard Still, then a House Banking staffer, claims Cranston scrawled out "$100,000" on a note and passed it to St Germain. In any case, St Germain sponsored the amendment, and the bill passed.

Cranston won reelection that November. James Grogan, a lobbyist for Charles Keating, later testified about meeting Cranston at the 1984 Democratic Convention. "I've worked hard for

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California savings and loans," Cranston said, whipping out a three-by-five card to write down Grogan's name. Within days, Grogan received a phone call from Cranston's fundraiser.

Cranston and St Germain deserve blame, but it takes more than two congressmen to get a bill through Congress. There was no discussion of the amendment, let alone opposition. The consumer lobby was conspicuously silent.

The success that both the consumer and thrift lobbies had in bamboozling Congress is best evidenced by William Proxmire, the chairman of the Senate Banking Committee, who oversaw the $100,000 sellout. On behalf of the consumer lobby, Proxmire resisted adjustable rate mortgages—he now admits he was wrong—and insisted that the deposit interest rate cap be lifted. And then, although no big thrift bought him—he shunned contributions for his last two campaigns—Proxmire pushed the insurance increase, too.

Best of all, there were no well-heeled representatives of future taxpayers to contend with.

Proxmire's example also helps explain why the increase went unchallenged when the average saver, whom deposit insurance had been designed to protect, had $6,000 in the bank in 1980. How did insurance, an instrument designed to correct the market, instead become its tool? Because congressmen are light years away from the Main Street they sentimentalize. "Members of Congress get good salaries," says Proxmire. "We didn't feel $100,000 was as exotic as it really was."

On March 31, 1980, President Carter signed the Depository Institutions Deregulation and Monetary Control Act into law. The next day in California, newspaper ads featured a grinning Bob Hope. "$100,000," the ads screamed. "Now California Federal gives you two-and-a-half times more insurance on your savings." Some estimate that the deposit insurance increase trumpeted by Hope boosted the cost of the bailout by a third.

The High Life

For the National Savings and Loan League, the early eighties were a heady time: Ronald Reagan was in the White House, and deregulation was in vogue. The industry regulator, the Federal Home Loan Bank Board (FHLBB), had a new chair named Richard Pratt, a charismatic academic who, like the aggressive S&Ls, fervently believed thrifts ought to be more like banks. So did Jake Garn, the new Republican chair of the Senate Banking Committee. Entrepreneurial S&Ls, which had been lusting after bank-like powers since the early seventies, saw their moment.

The industry as a whole had one lobbying success after another. Accounting standards were relaxed. The amount of capital reserves a thrift had to keep on hand in case of crisis was lowered, then lowered again. Most damaging of all, the U.S. League continuously pushed pliable regulators and congressmen for government forbearance on insolvent institutions. In other words, the government let bankrupt thrifts stay in business. Thanks to higher deposit insurance and the ability to pay higher interest rates, failing thrifts could now lure in "brokered deposits," $100,000 chunks of "hot" money from Wall Street and wealthy investors who perpetually sought out the highest interest rates around the country. The thrifts were desperate for cash, and $100,000 deposit insurance gave them powerful incentive to gamble to get it.

The hemorrhaging that had begun in 1979 continued, as thrifts still saddled with their low-rate loan portfolios paid increasingly high interest. The industry's net worth plummeted from $32.2 billion in 1980 to $3.7 billion in 1982. The thrifts could have waited for interest rates to drop to sustainable levels and the government should have stopped subsidizing the most insolvent institutions. Instead, the U.S. League pushed for continued forbearance. And the large thrifts and the National League used the crisis to demand that Congress let them move into the potentially more profitable, but far riskier, commercial and consumer lending they had been eyeing for more than a decade.

"Of course we listened more to the California institutions," recalls M. Danny Wall, then the

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Senate Banking Committee's chief of staff. "California was where ideas and trends came from, and you tend to look at someone who's big and say they must be doing something right."

Wall and Garn called those reluctant to take on new powers "The Flat Earth Society." Meanwhile, Garn took Texas, where thrifts had had some expanded powers since the seventies, as a model for the deregulation bill he was sponsoring.

Some model. Those powers, and lax regulation, encouraged so much overlending, overbuilding, and fraud that Texas eventually accounted for 40 percent of all U.S. taxpayer losses. And the "Flat Earthers" that stuck with home loans survived the crisis and prospered. They include three of the four largest thrifts in the country today.

In 1982, the "big tent" U.S. League was dubious about expanded powers, and rightfully so. Dennis Jacobe, a League economist at the time, says the industry had been doing studies of the potential for success in just about every field (even travel agencies) beyond home loans. The results were, by and large, negative: The risks far outweighed the potential benefits, and the League knew it. But Pratt—the chief S&L regulator and deregulation devotee—and the big, aggressive thrifts put the hard sell on the U.S. League. "You can grow out of your problems," Pratt insisted.

He was a convincing salesman. The U.S. League ignored its better instincts and agreed to support the bill that Pratt, Garn, the White House, and the National League were drafting. "Dick [Pratt] led, and the U.S. League followed," says Jacobe.

The bill that emerged—the Garn-St Germain Act of 1982—was like giving a killer a knife for one last spree before prison: It kept insolvent thrifts open longer while encouraging them to take bad risks. S&Ls were now permitted to invest *90 percent* of their assets outside home loans.

Congress passed Garn-St Germain on a voice vote, with little debate. Rep. Henry Gonzalez spoke up against the bill, but was ignored. In granting expanded powers, as in raising deposit insurance, the risk for Congress was an abstract one: no money down. In both cases, Congress had served larger, wealthier thrifts—a special interest within a special interest.

The banks, who were opposed to expanding thrifts' powers, could have been the brakes in the system. For a time, they were. "A sweetheart deal" for the thrifts, the banks' lobbyists growled about the plan. But then the bill went to another "loose" conference, and out came money market accounts with unlimited interest, a power that banks had craved desperately. Suddenly they too were praising the bill. It's like four gas stations at an intersection. They might compete and keep prices down. But then again, they might get together and jack prices up even higher, and if you're looking for cheap gas, you're out of luck.

The Garn-St Germain Act showed the true meaning of an omnibus bill: Everyone gets on the bus. Realtors got exempted from the Truth in Lending Act, insurance companies got an amendment keeping banks off their turf, the securities lobby got a lower minimum investment for their money market accounts than banks, and so on. In 1982, all the financial industries, from realtors to securities to banks, had given Congress a total of nearly $12 million—a substantial increase over 1980, reflecting both the rising cost of campaigning and the high-stakes frenzy provoked by financial legislation. Nobody walked away unhappy.

Except for the taxpayers. Regulators, the Office of Management and Budget, and Congress combined to reduce sharply the supervision of thrifts, which could now take greater risks. State legislatures worried that they would lose money if state-chartered S&Ls switched to federal charters for Garn-St Germain's freedoms, so the states passed laws allowing even crazier risks. California, for example, decided that thrifts could invest 100 percent of their money—federally insured money, don't forget—however they wanted. And so they did.

The Low Lifes

The thrifts' new powers and diminished supervision enticed a whole new breed of developer, speculator, and crook into the industry. Charles Keating was only one of many. The business grew rich with characters like Don

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Dixon of Dallas's Vernon Savings and Loan, a builder who used federally insured deposits to buy six Lear jets, a yacht, a mansion, $5 million in art, and prostitutes to "entertain" customers. And Ranbir Sahni, a former airline pilot whose American Diversified Savings Bank funded windmill farms, chicken farms, and junk bonds, but never a single home loan.

Home ownership was dropping during this period for the first time since the Depression, as even thrift executives who had spent their whole lives making simple home loans ventured, usually unsuccessfully, into the wilds of shopping centers and ski resorts. Thrifts with nothing to lose "gambled for resurrection." They lost. If plain, humble S&L buildings and suburban homes embodied the success of the New Deal, the architectural symbols of its undoing were the see-through office buildings lining I-30 in Dallas, the windmill farms alongside California highways, and the giant resorts now overcome by cacti in the Arizona desert.

It was public campaign financing—in the service of a private interest.

The money lost by loose-cannon S&Ls didn't just disappear. It went into cars and condos and concrete. It also went into the pockets of politicians, as the thrifts spent vast amounts (of our money, it turns out) to keep government's hands off the industry. S&L interests invested more than $11 million in Congressional candidates and party committees during the eighties. It was public campaign financing—in the service of a private interest.

If insolvent thrifts had been closed in 1983, the cost would have been $25 billion. Instead, with industry encouragement, politicians afraid of having a bailout on their watch successfully postponed action until after the 1988 election. Finally, in 1989, Congress stopped letting the industry try to solve its own problems and started doing its job. It passed the Financial Institutions Reform, Recovery and Enforcement Act, which closed insolvent institutions and repaid depositors, radically reordered the industry's regulatory structure, and officially confirmed that taxpayers would foot the bill.

The lobbies—"consumer interest" and greedy thrift executives alike—had done their work. When the bailout finally began, President Bush and the 101st Congress borrowed money to keep the massive cost "off-budget." We'll be paying interest on the bonds they issued until 2029.

Now, a Congress infected with a missionary zeal for deregulation is preparing to repeal the Depression-era Glass-Steagall law, which erected walls beween commercial and investment banks to contain the risks that federally insured institutions could take. At minimum, the legislation before Congress will allow any bank to underwrite securities; at most, it will allow any commercial institution to own a bank.

We all ought to be a little nervous. The government still guarantees $100,000 in federal deposit insurance per person, per institution. If a bank should play the market, and the market crash, as it did in 1987, you could be left holding the bag. "As long as any institution can offer insured accounts and pursue risky activities," the National Commission on Financial Reform, Recovery, and Enforcement warned in 1993, "taxpayers could be vulnerable to some future set of 'unique' circumstances and events that could grow into another debacle."

Tell that to the banks. "We think we ought to be able to offer all financial services ... and to do so in a manner that isn't loaded up with a bunch of regulatory restrictions," says Edward Yingling of the American Bankers Association. Flushed with record profits, banks are pushing for "regulatory relief" and expanded powers. They have more than 100 lobbyists helping them do it. They've given nearly two million dollars to members of the House Banking Committee since 1991. And every other financial industry is gearing up to get on the bus.

"We're here to educate them," says Ron Ence of the Independent Bankers Association of America about the Banking Committee and its 15 freshmen. In fact, some of the lobbyists who are now busy "educating" Congress are the same ones who lobbied so effectively, and so destructively, in the early eighties.

Maybe the taxpayers ought to hire lobbyists, too. At least then we would stand a chance. □

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Tidbits & Outrages

IF YOU WISH TO REINSTATE YOUR THERMONUCLEAR LAUNCH CAPABILITY, A DEPOSIT OF $32.50 WILL BE REQUIRED

The New York Times reports that last September, the Moscow electric authority without warning severed all power to Russia's Strategic Nuclear Missile Command Center because the facility had not paid its electrical bill.

OLD MCDONALD HAD A CONDO...

A computer analysis prepared by the Environmental Working Group shows that from 1985 to 1994, the Department of Agriculture paid nearly $2 billion in farm subsidies to individuals living in or around the nation's 50 biggest cities.

IF IT PLEASE THE COURT...

Former Reagan administration solicitor general Charles Fried, who twice argued before the Supreme Court against *Roe v. Wade* but who is currently being considered for a Massachusetts judgeship by pro-choice governor William Weld, now says he is "entirely comfortable with the state of the law on abortion."

"YES, TODD, TAMMY FAYE AND I ARE VERY INTERESTED..."

Die, ...onest. ...our to start 310-555-... leave message.

LIE FOR $$$.

Fox Television wants you for a new show. Call Todd at 213-856-1627.

...VASS-TRAINED Student/Therapist for ...ng 8y.o. visiting family in ...

"I DON'T KNOW, JED, I THINK WE BETTER HOLD OFF ON MUSKET CONTROL UNTIL NEXT SESSION"

Last March, 130 years after the Civil War, the Mississippi state legislature finally approved a resolution ratifying the U.S. constitutional amendment banning slavery.

BUT WHAT ARE WE GOING TO DO WITH ALL THESE SOUVENIRS?

The California State Assembly had to correct a bill saluting Yellowstone National Park as one of the state's major tourist attractions when it was pointed out that it's located in Idaho, Montana, and Wyoming.

—Scott Shuger

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They Stopped the Sky From Falling

The James Bay story explains why environmentalists, having created one of the most successful political movements of the twentieth century, still aren't cheering in the streets.

BY GREGG EASTERBROOK

The strangest place I have ever stood, in a fortunate life that has taken me to such ulterior locales as the freight-loading docks of Dar es Salaam and the cloakroom of the United States Congress, was a penstock at the LaGrande Two hydroelectric power complex near the Arctic Circle in Quebec.

Hundreds of feet underground, I looked up into the shaft, wide enough for a subway train, blasted and grooved from a shield of rock millions of years old, that would join the waters of a reservoir above to power turbines below. Shining upward, a strong flashlight beam diffused into a seemingly infinite blackness. Around a corner behind me sat the nearly completed turbine intake, an arrangement of descending curvilinear shapes similar in appearance to a conch. Thousands of hours of computer simulation had gone into the design of the angles in the receiver. Once the frigid waters poised above were released by the two-foot-thick steel doors that restrained them, they would tumble through generators making about as much power as one of the units at Three Mile Island. I asked my guide if there were any chance some technician would throw the door-open switch by accident. He laughed in an edgy way, then almost immediately suggested it might be a good idea to leave. When we emerged into the daylight above it was ten o'clock on a fine sunny morning, and minus-28 degrees Fahrenheit.

The LaGrande Two station is part of the vast James Bay hydropower project under construction in subarctic Quebec. The James Bay project, which has hewn dozens of dams into a region rich with glacial rivers, already generates about as much power as five Three Mile Island stations. Soon the number will rise to about nine Three Mile Islands. If all the region's hydraulic gradients are tapped, the output of about 25 Three Mile Islands would be realized.

Like other hydropower enterprises, the project burns no fossil fuel and emits no greenhouse gases, smog, or toxic or solid wastes. Older-generation hydropower projects were planned with output and low cost as their goals, with ecology an afterthought. The LaGrande portion of the James Bay

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complex is among the first hydropower projects to have environmental protection as a formal design criterion ranked with output and cost. LaGrande Two is the first major hydroplant whose power-house—where the generators are—lies entirely underground. This means the station is a phantom on the landscape, little more than a small ridgeline with two tall red doors that appear portals into solid rock.

Other environmental precautions were taken. Before each sequence of blasting to form the waterfall shafts, engineers pumped high-pressure bubbles into the surrounding waters to frighten away fish. Transformers in the powerhouse use mineral oil insulation rather than poisonous polychlorinated biphenyls; the transformers sit on sloped gravel basins as a built-in containment device against spills. Though many subarctic rivers have been diverted to fill the project's reservoirs, plans to tamper with one large river, the Nastapoca, were abandoned when it was suggested a species of freshwater seal that feeds at the mouth of the Nastapoca might be harmed by a reduction in water volume.

Caribou were expected to be devastated by reservoir flooding at James Bay. Instead, since the project began, local caribou populations have increased from about 200,000 to about 800,000. No one knows exactly why. Perhaps the roads built for construction access favor caribou migration; perhaps the population growth would have happened regardless. Transmission lines from the project across the Saint Lawrence River are among the world's first underwater power cables, so no towers spoil vistas of the Saint Lawrence. When the underwater lines were completed, piers that held towers for temporary lines were removed so as to pose no obstacle to migratory cod. In sum, it is difficult to conceptualize a large power project having less impact on the ecology.

What do environmentalists think of the James Bay project? Most despise it. The National Audubon Society has called the dams as bad as the burning of the Amazon rainforest, and has lobbied for laws to prohibit U.S. utilities from buying James Bay power. Greenpeace has called the project genocide and mounted a boycott of tourism to Quebec. Institutional environmentalism is correct about the need to propel society beyond its fixation on fossil fuels. When the Oil Age ultimately ends—and that may not be far off—environmentalists will be richly praised for their far-sighted understanding of renewable energy's central importance. Yet environmental sentiment has been unable to come to terms with the need for basic energy production.

No matter how successful conservation initiatives may be, on the whole the globe needs a major push for new power production systems. In the Western world, new generation systems are required to replace dirty, inefficient older plants with plants having clean, lower-input designs. In the Third World, hundreds of new power facilities are needed to satisfy the basic requirements of the globe's vast underclass, only a small percentage of which today enjoys the electrification taken for granted in developed nations. Unless the world's downtrodden are to remain down and trodden, global energy must go up.

Beyond this there is no fundamental conflict between the production of energy and the protection of the Earth. Twenty years ago, energy was universally considered a guaranteed sure-thing, no-way-out doomsday. Today Americans steadily use less energy, spend less on energy and pollute less with energy. The clipped pace of progress in converting energy from a brute-force to a clean-tech pursuit ought to provide a model for guarded optimism in other industrial arenas.

Yet many environmentalists think that in order to be pro-conservation, they must be anti-production. Orthodoxy has grown so conflicted on the subject of energy production that a few greens have pronounced that, even if an entirely benign energy source is invented, it should be withheld, since people would use that energy to commit the primal sin of altering the ecology. During the period when it briefly seemed "cold fusion" might offer zero-pollution energy from seawater, activist Jeremy Rifkin declared that clean, unlimited energy would be "the worst thing that could happen to our planet."

The notion of energy production as antithetical to nature evinces a myopic view of natural histo-

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ry. In a sense, the 3.8-billion-year span of the development of life has been about finding ways to employ energy as a tool to build living complexity out of the undifferentiated blur that was the initial condition of the planet. Without controlled use of energy, complexity cannot happen. For genus *Homo* to pursue the production of energy is not an affront to nature; it is the continuation of an eons-long effort to vest life with the means of sustaining itself and perhaps ultimately of expanding into areas where spontaneous forces alone are not sufficient.

Here it is appropriate to introduce an important premise for a new movement that could be properly called ecorealism: making it through the transition. In many areas of environmental protection, trends point in the direction of progress. The worry is the next few decades—the period of transition from brute-force human relations with nature to the cautious and respectful relationship that is emerging. On energy, so long as society can get through the next few decades without greenhouse emissions running wild, a clean and renewable future should unfold. For this reason, ideas like a pollution-free hydropower project in Quebec ought to seem wonderful, even if, like all human endeavors, they create their share of problems.

Some ecological objections to the James Bay project are valid but some are deceptive. Hydropower requires flooding lands from reservoirs, a practice environmentalists speak of in tones of deep horror, as though it wipes out life. Plants and animals do die when the reservoir water rises, and some wild-river ecology is lost. But what then exists? A lake ecology, brimming with living things."People think a reservoir is a liquid desert," says Gaetan Hayeur, a James Bay environmental official. "Nobody ever says that about a lake. If you propose draining a lake, environmentalists will say that would cause a shocking loss of valuable habitat. But if you propose making a reservoir, which is a lake, they say the reverse."

So, in a sense, when Hydro Quebec floods the frigid James Bay land, the old ecology is not wiped out. But the new ecology differs from what is already there. That is the real environmental complaint about hydropower: It causes change. Even should the entire 50,000-megawatt potential of James Bay be tapped, most of the region would remain what it was when Europeans first saw it, an ecology of wild rivers mixed with subarctic tundra. But there would be change. Rather than exhibit annual cycles of flood and drought, some of the rivers would flow consistently. (Consistent river volume is unnatural in the James Bay region; it favors some subarctic species.) And some of James Bay would not be wild rivers but placid lakes brought about through action by design.

Why such change should dismay humans would be difficult for nature to fathom. Nature has rearranged the hydraulics of the James Bay region dozens of times and is certain to rearrange them again. Through glacial advances and retreats, nature has made and unmade uncountable rivers, lakes, and dams in what people now call Quebec. Why is it strange for women and men to do the same, especially if they can learn to do it in ways calculated to minimize harm? And the change brought to James is reversible. Suppose someday the power from James Bay is no longer required. The project's dams can then be removed, just as nature has often removed its own dams in the region. The tundra and wild-river ecology will reassert itself.

In several parts of North America, conservationists now propose to perform this very trick. United States law requires that some 200 inefficient small hydrodams dating from the turn of the century be relicensed in the nineties. American Rivers, a thoughtful environmental organization, advocates that many such dams be taken out. The wild rivers these dams block, American Rivers says, will rapidly reassert themselves and live again as they did before engineers eyed them. What's the difference between that and what might happen at James Bay?

Out of Balance

Damophobia reflects the fallacy of Stop-in-Place. If only society would keep its hands off the land, this fallacy holds, then nothing would change. *Dark Safari*, a 1991 book by John Bierman, quotes the eighteenth-century Kiowa chief White Bear as telling a group of European settlers attempting to persuade him of the benefits of their version of life, "I don't want any of those medicine homes [schools] built in the country. I want the papooses brought up exactly as I am." This is a perfect expression of the human desire to Stop in Place. Yet this desire, which environmen-

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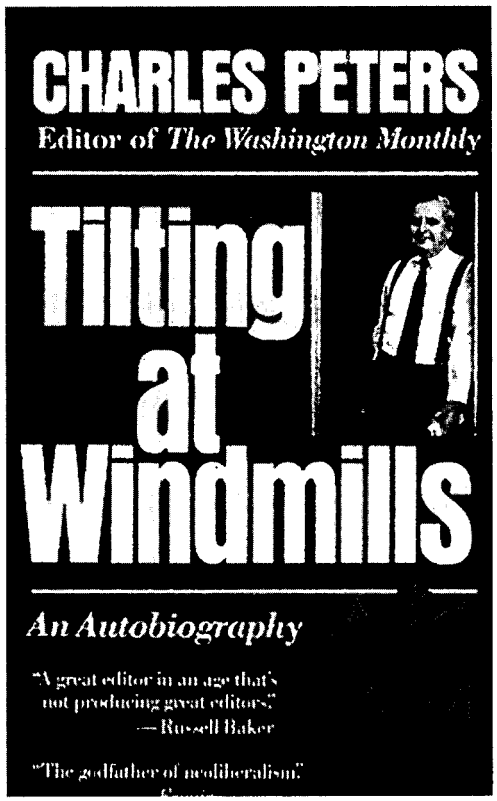

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talists promote as honoring nature, is among the most artificial notions genus *Homo* has introduced on Earth.

That many environmentalists now oppose ecologically attractive ideas like hydropower suggests that the green movement needs to reexamine which part of its agenda is justified, what part is bluster. To be sure, environmentalism is among the most welcome social developments of the twentieth century. This phenomenal organizing success speaks both to the power of ecological concerns and to the hard labors of the people of the movement. Environmentalists began their quest for the public ear with a pittance compared to the financial reserves of the lobbies that opposed them. Through the early eighties, though outgunned in legal talent, lobbying access, and the funds necessary to make political donations, they won victory after victory. This progression from pauperhood to riches culminated in the 1990 Clean Air Act. On that bill environmentalists put to rout the auto lobby, the steel lobby, the utility lobby, the coal lobby, and other entrenched groups commanding trillions of dollars in economic might. Because of the success of political environmentalism, Americans and Europeans today live in a world where effective environmental influence is assured at nearly every level of government and business. This is a wonderful development for society. History will admire the environmentalists of our era for how much they accomplished and how fast.

But in the last decade environmentalists have heard more hosannas than is good for them. Commentators meet the claims of industrialists and government officials with skepticism, properly discounting for self-interests in the outcome. In contrast, the pronouncements of green figures have been treated as beyond reproach, though like everyone else they have personal and financial self-interests, too. Surely environmentalists enjoyed having their claims embraced uncritically by the opinion-making apparatus of society. But this luxury has become counterproductive, allowing the movement to avoid facing the flaws of its arguments. If you love environmentalists, as you should, today the greatest favor you can do them is to toss cold water over their heads.

In recent years it has become something of a pastime to make sport of failed environmental predictions from the past. There are many to choose from. In 1970, for instance, *Life* magazine said that by 1980 Americans in major cities would wear gas masks. In 1980, a commission appointed by President Jimmy Carter issued a report, Global 2000, projecting general ecological collapse by about now. The list of null doomsday prophecies from the recent past could march onward for pages.

Such way-off forecasts should not be disturbing. They came when little was known about the natural resilience of the environment, researchers having only begun to uncover the evidence. They came when gross pollution was widespread—bear in mind, for example, that until 1972 it was essentially legal for U.S. factories to discharge unprocessed toxics and slag directly into lakes and rivers. And the old doomsday pronouncements came when government was tucked snugly in bed with industry. In the sixties, I never would have guessed how rapidly environmental regulations would take force or how quickly nature would recover, and probably neither would you. So, yes, the enviros made some overwrought predictions in the past. That no longer matters.

What does matter is that overwrought assessments continue to be generated in the present. "During the seventies we had a lot of really good environmental laws passed but most of those have been systematically subverted or undermined," the late novelist and environmental activist Wallace Stegner said in 1992. From the White House, Al Gore in 1993 declared, "human activities are needlessly causing grave and perhaps irreparable damage to the global environment." In 1994 he said, in apparent defiance of all evidence, that "the environmental crisis has grown worse" in the United States in recent decades.

Contemporary doomsaying is hard to excuse, given that it comes at a time when most trends in developed countries are positive and most scientific findings suggest the biosphere is extremely robust. Yet the above quotations and many more not cited show that environmentalism remains mired in instant-doomsaying thinking. Some of this fixation stems from a willful denial of progress made, an almost aching desire that news stay bad.

Consider Stegner's notion that the environmental laws of the seventies were good but since have been "systematically undermined or sub-

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verted." The reverse is true. Laws of the seventies were shot full of loopholes allowing acid rain, toxic air pollution, ocean dumping of sludge, and many other abuses. During the eighties, the New Right attempted to undermine environmental strictures but enjoyed little success. In that decade U.S. regulations controlling toxics, recycling, sludge, pesticide registration, waste exports, landfill safety, smog prevention, acid rain, incinerators, energy conservation, nuclear wastes, and a dozen other subjects were made more strict. Current ecological law is hardly perfect, but by any reasoned judgment it is far stronger than in the seventies.

If you love environmentalists, as you should, today the greatest favor you can do them is to toss cold water over their heads.

No one can blame Stegner or environmentalists generally for wanting to sustain the essentially youthful vision of a glorious crusade to thwart villainy. It's fun to view yourself as a pure-hearted paladin surrounded by bad guys you can outwit. It is less fun, and dishearteningly grown-up, to view yourself as one of many actors in a complex world where the moral dimensions of human actions are not always what they seem. But the satisfying visions from the youth of the ecological movement have progressively less to do with current events. Add to this an inner fear of all movements: Reformers privately dread the moment when the reforms they espouse come to pass and they are no longer needed. Such factors combine to make some environmentalists long for the bad old days, rather than celebrate the improving new ones.

As environmentalism has become entrenched, a contrapositive has sprung up, which may be called unvironmentalism. Rush Limbaugh is the leading unviro, imagining "ecofeminazis" who conspire with the EPA to control his life. William Dannemeyer, a former congressman, is another prominent unviro; in 1990 he gave a demented speech on the House floor saying the trouble with environmentalists is that they don't believe in an afterlife. (Apparently pollution is fine down below so long as skies are clear high above.) What has evolved is a strange contest between the doomsayers and the naysayers—one side asserting that life as we know it is about to end, the other that everything is peachy keen. Common sense dictates neither philosophy takes you anywhere you really want to go.

Fortunately unviro naysaying is a short-term phenomenon that will expire on its own, as it defies the consensus political values behind conservation. Environmental doomsaying may be with us for years to come, since it plays off those same values. This is distressing because the decibel level of doomsaying drowns out ecological messages with lasting power.

Consider Al Gore's *Earth in the Balance*. Seemingly on every page something is being destroyed or about to end. Gore's initial mention that environmental progress has been made in the United States does not come until page 82; the mention is perfunctory. The second half of Gore's book speculates on how modern detachment from the rhythms of Earth may help explain the dissatisfaction experienced by so many people in affluent nations, who would seem by material comfort the winners of history's lottery. This portion of *Earth in the Balance* is measured, thoughtful, and possessed of enduring significance. Yet, the quietly persuasive second half of Gore's work received no attention while the doomsday first half was widely promoted.

The underappreciated portion of Gore's book hints at an ecological issue that will become increasingly important in the twenty-first century, as problems like pollution control are resolved. That issue is antimaterialist sentiment. To the extent the ecology movement is a proxy for no-growth, it sometimes has a pull-up-the-ladders aspect. That is: I've made my pile of dough, now don't you dare spoil the view from my vacation home. Yet the countercultural aspect of environmentalism also sometimes cuts across class lines to engage those who feel screwed by the direction of society, or who have an uneasy sense that the materialist life-focus is elementally flawed.

Environmentalists are well ahead of the historical curve in sensing that materialist culture has lost its way. History will look back on the green drives against pollution and resource waste as

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secondary issues, since by historical standards these problems will be resolved in remarkably little time. But the problem of the soul-draining aspect of the materialist lifestyle will continue and may even worsen as clean, sustainable production extends the cycle of consumption indefinitely. Down the road, the effort to free women and men from lives of materialistic work-and-spend represents the most important contribution environmentalism will make to society. For the moment, the trouble is that hardly any environmentalist who thinks in an anti-materialist way is willing to act in an anti-materialist way.

Is there even one Western environmentalist who lives without electricity and heat, eats only from his or her own garden, would if ill refuse genetically engineered pharmaceuticals, never travels in any fossil-powered car, taxi, bus, train, or plane, and who declines to attend environmental conferences because it would take too long to ride there on a new bike? Paul Ehrlich has written that things are so bad the only hope is to "reduce the scale of human activities." By way of setting an example does he decline to speak at environmental conferences because to do so would oblige him to fly in petroleum-guzzling jetliners and stay in resource-intensive hotels? Gore has written of watching a glade of trees removed from a housing development near his Virginia home: "As the woods fell to make way for more concrete, more buildings, more parking lots, the wild things that lived there were forced to flee." Doesn't Gore live in a house? Park his car on concrete? Why are jets and homes and driveways only objectionable when SOMEBODY ELSE desires them?

The idea that SOMEBODY ELSE should go without the conveniences of modern life must be eradicated if environmental thought is to proceed to the next level of usefulness to society. As Anna Bramwell noted in *Ecology in the Twentieth Century*, far from advancing a decentralized small-is-beautiful philosophy, the orthodox enviro prescription "involves mass planning and coercion." No degree of ecological exhortation will persuade the typical citizen of America or Western Europe to abandon a heated home, low-cost food, advanced medical care, or any similar reasonable material gain. Nor should these be abandoned. Rather they should be redesigned to operate in conjunction with nature.

Greenmail

Enviros won the last 20 years of political battles by a notable margin, but you'd never know it from their public statements. That their cause has become mainstream makes many environmentalists nervous. All movements that graduate to insider status undergo a number of such stresses: Among those now affecting the green movement are its relations to science, lobbying, and fundraising.

The notion of formal insider influence is a tempestuous one to enviros. Should environmental groups ever lend support to candidates other than liberal Democrats? Greenpeace theatrically refuses any negotiation with public officials, contending all insider contacts to be corrupting. Yet the organization supplicates in Hollywood, where during the eighties it was a charity of choice: Greenpeace solicited endorsements from celebrities whose lives are devoted to immodest consumption. Greenpeace has run save-the-whales TV ads featuring the model Christie Brinkley, whose lifestyle could support whole Third World villages.

As environmentalists have become effective lobbyists they have learned the negative tools of the trade: bluster, veiled threats, and misrepresentation. Distortion of the scientific case regarding the pesticide Alar is a common charge against environmental lobbyists. Here is a more typical, workaday example. During Clean Air Act lobbying in 1990, one issue was how many grams of unburned hydrocarbons new cars could emit. Existing regulations set the limit at 4.1 grams per mile; EPA administrator William Reilly proposed to lower the standards to 2.5 grams per mile. Enviro lobbyists called the deal a sellout because 1990 cars already averaged only 2.6 grams. Their complaints about the proposal led to denunciations of Reilly on Capitol Hill.

Automakers design tailpipe controls to emit less than law allows, creating a "compliance cushion" that forestalls recalls. This is why an existing standard of 4.1 grams led to cars emitting 2.6 grams. Reilly knew that if the limit were lowered to 2.5 grams, the new compliance cushion would drop actual emissions to around 1.5 grams. Automakers would be anxious for an extra reduction since the new Clean Air Act requires them to warrant emissions systems for 75,000 miles. Enviro lobbyists understood about compliance cushions. They simply declined to mention this factor

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in congressional testimony and media interviews, sensing a chance to create a jolt of bad news. "The advocacy campaign against the provision was illogical unless the motive was to take a positive development and make it seem depressing," says Reilly, himself once an environmental lobbyist as head of the World Wildlife Fund.

Once environmental lobbyists engage in tactics such as willful distortions of the other side's positions, they place themselves on a slope that can lead downward toward being simply another pressure group that will say or do whatever is expedient to maintain its interests. If anything will push the enviros into that descent it is fund-raising.

It's fun to play the pure-hearted paladin. But it is dishearteningly grown-up to view yourself as one of many actors in a world where moral dimensions are not always clear.

"I found the enclosed internal report so frightening, so shocking, that I immediately decided to rush a copy off to you," begins an appeal by then Sierra Club director Michael Fischer, mass-mailed in 1992. "It explores the insidious yet vastly organized plot by the so-called Wise Use Movement to *DESTROY THE ENTIRE ENVIRONMENTAL MOVEMENT*" (capitals and italics original). Attached to the letter was an ersatz document bearing the simulated hand-stamp INTERNAL USE ONLY purporting to show "irrefutable evidence" that "exploiters and polluters" had staged a tippy-top-secret meeting to "plot the total and final destruction of the American environmental movement."

Anyone familiar with the sorts of fund-raising letters employed to frighten the elderly about Social Security will recognize familiar themes here: claims of plots and secret meetings; official-looking "documents"; preposterous assertions, such as that the well-entrenched environmental movement will suffer "total and final destruction" if you don't send that check today. Modern life knows three basic types of shakedowns: blackmail, greenmail, and direct mail.

Unscrupulous fund-raisers such as Richard Viguerie showed that bogus documents, wild distortions, and the use of "devil figures" are what shake money loose by mail. Through the eighties many enviro groups adopted these techniques as former Interior Secretary James Watt, a raving unviro, made the ideal devil figure for direct mail. By the end of the decade Greenpeace was among the leading direct-mailers in the U.S., often drop-shipping phony-document mailings of one million pieces. National Audubon Society mailings were emblazoned with such banners as TEN SECONDS A MONTH CAN HELP SAVE THE PLANET! Even the normally staid Nature Conservancy unleashed direct mail appeals containing imaginary land deeds computer-printed with the mark's name.

If it is dangerous to believe your own press releases, it is deadly to believe your own direct mail. Reasoning backward from direct mail puts environmentalism in jeopardy of behaving like just another interest group: The last thing you'd want from a movement that has long been rightly seen as among society's bright lights. And direct mail dynamics compel institutional environmentalism away from the sort of ecorealism that should be the next wave of thinking.

Ecorealism would abandon both the conventional doomsday views of the Left, and the conventional anti-regulatory views of the Right: creating, a new, ideologically neutral, middle-path philosophy for understanding environmental issues. The ecorealist would accept that society must have very strict conservation rules, but also accept that nature is resilient and around for the long haul. Ecorealism would cancel the doomsday alarm, and yet assume that further progress against pollution—including an ultimate goal of a zero-emission economy—is a desirable, sensible goal for society.

Consider that if an ecorealist point of view were common today, there is no way the Newt Gingrich faction in the House of Representatives, nor Bob Dole in the Senate, could be attempting to turn back the clock by undoing much of conservation law. If it were widely understood that most environmental trends in the Western world are positive, and that most American environmental programs have generated excellent results

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at affordable costs, there would be public outcry—even from typical middle-class voters—against the Gingrich-Dole anti-environmental assault.

But since the public has in recent years heard little more than doomsaying about the ecology, it is now conventionally assumed that most environmental programs aren't working. And if they're not working, why not undo them? Thus, in a sense, environmental exaggerations of the Left have made possible the current anti-environmental exaggerations of the Right. This is especially true since it is now widely believed that antipollution initiatives impose a burdensome drag on the economy. With a few exceptions, this is not the case: Most environmental rules are cost-effective and good for the economy. Yet Gingrich, Dole, and other anti-environmentalists are able to get away with depicting environmental rules as expensive burdens, since pessimistic environmental thinking from the Left has created a milieu in which conservation rules are spoken of only in terms of woe. Rarely do institutional environmentalists have kind words for the EPA programs of either Republican or Democratic presidents. This creates the impression, useful to the Gingrich faction, that the programs don't work.

Among the worst aspects of Washington interest groups is that at some point they begin to like negativism, as it endlessly justifies their position and funding. This descent to the lowest common denominator is often seen on the part of industrial trade associations. It would be a sad day, and a profound loss to society, if environmentalism became merely the industrial trade association of the Left. □

The Washington Monthly

JOURNALISM AWARD

February 1995

Stephen Engelberg and Adam Bryant
The New York Times

From the wreckage of the Halloween crash of an American Eagle flight that killed 68 people in Roselawn, Indiana, comes a scrupulously thorough special report that says as much about failed government as it does successful journalism. Roselawn, the authors write, "was a crash that did not have to happen." For years, the Federal Aviation Administration disregarded warnings that the ATR-72 turbo prop plane was ill-equipped to handle the icy weather that brought on the crash. Instead, the agency relied on foreign manufacturers' evaluation of their own aircraft and de-icing procedures dating from the forties. But as Engelberg and Bryant report, the FAA's practice of ignoring flaws until they became fatal stemmed from a bureaucratic culture predicated on inertia, incompetence, and cost-cutting. "There have been assertions for years that issues like wind shear—and de-icing—become priorities only after a fatal crash brings them to public attention," they write. "The experts call it 'tombstone technology.'"

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History As It Should Be Taught

We can't make government work without understanding how it has in the past

BY JOHN MORTON BLUM

The recent debate over the balanced budget amendment was marked not only by an abundance of posturing but also by a profound ignorance of history. President Clinton failed to use his bully pulpit to educate the electorate about the federal government's historical need for a flexible borrowing authority. Congressional Democrats used scare tactics, demanding for Social Security an inviolability they know cannot last, rather than pointing Congress toward the institution of a capital budget. Republican leaders abandoned the practicable, resorting instead to simplistic panaceas.

As in much recent American political discourse, partisanship and ideology overwhelmed compromise and policy. Small wonder that conventional wisdom has Americans fed up with politics. But, in truth, Americans of late have had little exposure to politics as it classically was: the art of the possible. Over most of the course of American history—the onset and aftermath of the Civil War stand as the singular exceptions—the political process brought together conflicting intraparty interests in a common quest to gain national power, encouraged the necessary accomodations to avoid crippling conflict, and abetted the evolution of innovative policies, often through the enactment of gradualist statutes. Within national society and culture, politics reconciled conflicts that arose from differences of income and wealth, of race, religion, and national origin, and of section and occupation. In doing so, politics made government possible.

But politicians today exhibit little interest in our political history and in the examples of good and poor governance it provides. And they are not alone. Just as the state has fallen into ill repute with many Americans, so political history, which focuses on public policy, the state, and the uses of the state, has fallen out of favor among most academic historians.

The intellectual interests of most of those academicians, many of them children of the Left, have flowed instead to social history—to the history, in the current phrase, of "race, class, and gender," and of ethnicity and the family. Courses have proliferated on the history of women, gays, African

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Americans, Latinos, and Asian Americans. Those offerings have resulted in important gains in the amount of academic attention paid to previously neglected groups of Americans. But there has been an accompanying loss of attention to American society as a whole, especially to the politics through which that society has governed itself and adjusted to social changes. Coupled with the Right's disdain for the efficacy of the state, that loss is a significant one.

A Canon Divided

The current hostility of social historians to political history reflects, in large measure, a generational bias. Within the academy, until recently when they began to retire, most of the outstanding practitioners of political history belonged to the generation born about the time of World War I. That generation—John F. Kennedy's generation—was exposed successively to the trauma of the Great Depression, the inspiration of the New Deal, the danger of World War II, and the difficulties of the ensuing and uncertain peace. Historians of that generation took an interest in active and creative government, in democratic leadership, and thus in political history and statecraft.

The same interest had characterized the eminent historians of the two decades or so before World War I. Frederick Jackson Turner and Charles Beard, for example, were both committed progressives who strongly influenced their profession through interpretations of the national past. Both were born when the memory of the Civil War was alive and fresh. Both men spoke to that conflict in major works: Turner in his book on sectionalism, Beard and his wife Mary in their interpretative history of the United States.

But after World War I, with the American rejection of the League of Nations and the retreat from progressivism, the disillusionment that swept over American intellectuals affected the next generation of historians. Many of them turned away from a professional concern for the state and made social history their preferred domain. That was the case, to cite several examples, of Merle Curti, Dixon Ryan Fox, and Arthur Schlesinger, Sr., all masters of their craft. Schlesinger, interestingly, maintained an active role in local and national politics even while he preached the gospel of social history at Harvard. He worked with his wife in women's causes, with his friend Felix Frankfurter in defense of Sacco and Vanzetti, with his neighbors for a reform charter for the city of Cambridge, and all the while directed doctoral research only on topics of social history, of which very few addressed the political implications of their substance.

A graduate student born around World War I and matriculating at Harvard just after World War II might have been told he would have no professional future unless he chose a dissertation on social history directed by Professor Schlesinger, Sr. But like many of his generation, he might have rebelled, and instead written about Wilsonian politics. The Kennedy generation's return to political history had begun, led by Richard Hofstadter, Arthur Schlesinger, Jr., and C. Vann Woodward. Their confidence in the capacity of the state to improve the lot of its citizens, an attitude grounded in the New Deal, matched the confidence of their peers, many of them academicians, who staffed the federal government during the Kennedy and Johnson years.

The New Frontier and the Great Society enhanced the conditions of American life, not least by enlarging opportunity for women and minorities within American society. But they by no means solved the problems of those constituencies, who became increasingly impatient with the persistence of their troubles. Many of the generation maturing in the sixties—the generation of the baby boomers—shared that impatience. They formed the ranks of agitation for civil rights and women's rights and the rights of the impoverished. They blamed the Kennedy generation for not moving faster and farther in making over American society. They especially blamed that generation for Vietnam—the waste of life and wealth. And in support of the war and of domestic politics favoring that war, the governments of Lyndon Johnson and Richard Nixon violated the privacy and personal rights of Americans who disagreed with them. Many of the baby boomers, themselves the children of the Kennedy generation, learned to distrust, even to despise, the very state in which their parents had had such confidence.

Of course the Kennedy generation included a

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large minority who had long believed, with Barry Goldwater and Ronald Reagan, that government was the problem, not the solution. That attitude was endorsed by the lassitude of the federal government during the eighties, which helped shape the culture of the youth of *that* decade—the children of the baby boomers. Many of those children, now young voters and office holders, have no perceived experience with active and creative government, and little interest in the history of the state.

So too, in writing history, the Kennedy generation and its children's generation went their separate ways. The former, rediscovering the politics of the past, explored reform and reformers, and described anew heroic Americans from previous eras of active government. With few exceptions, these heroes were dead white men. Those men were the very subjects which many of the boomers' generation then scorned, partly because of their color and gender, partly because they had embroiled the United States in the Cold War, which Marxist historians of the boomers' age wrote off as just another error of American imperialism. Among academic historians of the boomers' generation, a generation that played at revolution in the sixties, many continued to believe with Marx that redemption, at once political and personal, was the sure reward of successful revolution. The boomers had in mind a revolution from the left.

It did not occur. But the economy in and after the seventies came to promise far less upward mobility than the boomers had expected. Partly on that account, in the nineties the fashion—as in the gospel according to Gingrich—has become to seek a revolution from the Right, but with the same eschatological assumptions as the Left. In contrast, the Kennedy generation of historians, their consciousness shaped by the rise of fascism and the perversion of the Soviet state, had rejected Marxism and had concurrently concluded that life was never free of guilt, that power was always corruptible, that neither revolution nor any uses of the state could alter the essential human condition.

The boomers' generation resolved to write history with minimum attention to dead white men, particularly those once held to be great. Most academic historians of that generation chose to fix their professional attention on the history of the issues that absorbed their youth, on the disadvantaged with whom they identified, on black Americans and other minority groups, on women, on ethnicity and labor and the family. And, as a result, the teaching of history—as with the world outside university walls—has increasingly fragmented.

Gone, But Also Forgotten

Today, many social historians harbor a guarded hostility to political history because they perceive it simply as the domain of one overexposed interest group, namely white men. They are, on the surface, correct. But what they neglect is that the history of our politicians speaks to all aspects of the American past. Political history examines the processes as well as the substance of politics, the qualities of political leadership, the making and interpretation of the Constitution and the laws of the land, the changing party structure, the growth and decline of political coalitions, the creative possibilities for the state, and, too, the corruptibility of power.

Those matters, fortunately no longer the exclusive preserve of white men, have important implications for the family, for ethnicity, for social and racial and economic justice. The state has continually affected the treatment of questions of race and gender and family, which is why, for more than the last decade, politics has resounded with debate about abortion, affirmative action, family coherence, and ethnic diversity. Sundry racial and ethnic groups, as well as groups of the rich and the poor, of the aged and of the infirm, of the privileged and of the deprived, have been competing to gain control over the uses of the state. That competition and the effects of its outcome provide the continuing agenda of political history and make political historians potential allies and benefactors of the very social historians who spurn them. Past politics was affected by the very groups that social historians prefer to study, and current politics still is so affected.

Yet at Yale University now, in contrast to 30 years ago, there are no well-attended lecture courses on the onset and meaning of the American Revolution, on the coming and significance of the American Civil War, or on the economic and political history of the Great Depression.

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The context of those courses spoke to race, class, and gender. Students, like older voters, could gain insight into the American past and present alike from an understanding of the irony of Virginia slaveholders promoting a revolution for freedom. It remains necessary in a civil society to live with irony, though not with slavery; there is irony enough in today's agitation by children and grandchildren of immigrants to restrict immigration.

All would benefit from study of the eloquence, parliamentary skills, and creative statesmanship of those once-famous senators—Henry Clay, Daniel Webster, and Stephen A. Douglas—who helped shape the great compromises of 1820 and 1850 and in doing so postponed a war, although in the end they could not prevent it. In the futile 1994 debate about health care, in contrast, both eloquence and tactical competence were singularly lacking in both parties, and we have a singular lack of reform to show for it. Early and late, political history speaks to the utility of experimentation in social policy, as we could learn from two eminent twentieth-century progressives, Louis Brandeis and Robert LaFollette, who recognized the states as laboratories, but not monopolies, of democracy. The states played a large role in the evolution of social security as the New Deal fashioned it, but the states could not, in the end, handle the problem without federal guidelines and federal money.

Current and future office-holders as well could learn from vicarious—which is to say historical—experience. President Clinton has rarely reached and moved the national audience he hopes to influence. In contrast, Theodore Roosevelt had a sense of timing and for the right phrase—"malefactors of great wealth"—that made the pulpit he employed as bully as he said it was. Clinton's weekly radio address is no substitute for the drama Roosevelt brought to the causes he championed. Roosevelt was also a master of the legislative process, capable of compromise that took his programs "the next step" without altering his commitment to the ultimate step which would imbue the law with the full strength of his convictions. His kind of leadership, like Lincoln's earlier and FDR's later, educated his constituency while also mustering indispensable political support.

The current efforts to dismantle the regulatory apparatus of the federal government also demonstrate a profound ignorance of our recent past. Historically, only the federal government has been able to make private enterprise accountable for its behavior and prevent abuses by the market. Similarly, the federal government has proved over time to be the only agency capable of protecting individuals from the consequences of natural disasters, or the vulnerability of an impoverished childhood, or old age, or skin color, or gender, or national origin. The reach of the government need not be diminished in order to reduce the size and cost of the federal bureaucracy.

Political history will not instruct its students about which way to cast a presidential ballot, but it may persuade them to go to the polls and vote. The agitators for social and political reform of the early twentieth century—T.R., the muckrakers, "Battling Bob" LaFollette—taught the middle class that only participation in politics could throw the scoundrels out and remake the state, a strategy today's electorate would do well to consider.

Historical learning will not in itself bring Americans together, but it may show Americans how they have in the past resolved great conflicts—of sectionalism from 1820 to 1876 and of class in the New Deal years—that have never gone away. Similarly, the study of how and why men and women obtained control of the state for constructive or destructive ends are matters of continuing importance for citizens and office-holders alike. They are also matters of considerable popular interest, as suggested by the recent successes of biographies of Franklin Roosevelt, Harry Truman, Lyndon Johnson, and Justice Oliver Wendell Holmes—all dead white men.

The loss of these lessons extends beyond the academy. An education in politics constituted a significant factor in Woodrow Wilson's laudable vision of "Princeton in the nation's service," a vision later shared by Harvard's James B. Conant and Yale's A. Whitney Griswold. Those academic statesmen urged their students to contribute to public life. Many did. Others held back, then and now. But even those who hate politics and the history of politics cannot escape the enduring involvement of politics in their lives. They would do well to understand both. □

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History According to Newt

A report card on the Speaker's "Renewing American Civilization"

BY ALLAN J. LICHTMAN

"I knew when I said I'd teach a 20-hour course after becoming Speaker that some idiot would deliberately distort what I said."

—Newt Gingrich, "Renewing American Civilization"

For a group of 60 Reinhardt College students, Newt Gingrich is painting a vivid picture of the consummate American hero, a man who refused to be cowed by defeat, who persevered through hard work and discipline, who has endured, survived, and triumphed.

His name is Newt Gingrich.

"I was taught very early that persistence defeats all other characteristics in politics," he tells his class. "I couldn't guarantee I was smarter. I couldn't guarantee I was prettier. I couldn't guarantee I was more articulate. I could guarantee I'd get up earlier, I'd work longer, and I'd never stop."

The self-help homilies Newt offers in his 20-hour course would make Tony Robbins blush. Work hard. Set goals. Be persistent. Be disciplined. Each cliché is illustrated with anecdotes from the Speaker's own life. No one can miss the teacher's message: American civilization should be just like me.

Make no mistake: Gingrich is a talented pedagogue. He holds student interest. He breathes life into his subject. It's just the history that trips him up.

The thesis of Gingrich's course is that American history was an uninterrupted continuity of opportunity and progress from colonial times until what he calls the "breakdown" of 1965. If you read the papers, you know what comes next: That's when the elite liberal state, aided by the counterculture, introduced the infections of dependency, bureaucracy, and failure. He's teaching the course in part to balance out the liberal's view of the world. Did you know, for example, that Thomas Edison "is almost never studied in the counterculture because all his values are exactly wrong? He was successful, and he was very work-oriented, he was highly creative."

Gingrich has a point about this country's past. In many ways our society did break apart in the mid-sixties, as individual and group demands superseded

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the national interest. But Gingrich barely acknowledges that his golden age of opportunity didn't truly shine for anyone but white males before that. He is even more selective in his description of what's gone wrong since. The counterculture didn't cause Watergate, and it certainly didn't set the national tone from 1980 to 1992, when tax changes helped increase the real income of the richest one percent by nearly 74 percent (according to the Economic Policy Institute) while the bottom fifth suffered a 4.4 percent decline. Policies that increased inequity contributed far more to social fragmentation and selfishness than did the liberal movements of the sixties.

Gingrich's fictionalized history makes more sense when you examine his sources. This professor doesn't waste much time on books or documents, unless you count novels and films. This is History Lite (which, admittedly, some students covet). He spends far less time on *The Federalist Papers* than he does on "The Last of the Mohicans," one of his favorite films:

> "Wonderful scene where the American ... is standing there and the British officer says, 'Aren't you going to Fort William Henry?' And he says, 'No, I'm going to Kentucky.' And he says, 'How can you go to Kentucky in the middle of a war?' And he says, 'You face north, turn left and walk. It's west of here.' It's a very American response ... Now, he ends up going to fight. Why? Because of the girl, which is also classically American. It's a very romantic country."

Of the books he does use, you have to wonder whether he has read them recently. He devotes an entire class to the work of Alvin and Heidi Toffler, expounding on *Future Shock*'s theory that a society's familial and economic patterns are shaped by its means of production, whether hunter-gatherer or industrial. He stops there, but according to the Tofflers, the traditional family is as much a dinosaur of the industrial age as is the large bureaucracy. Among the new family forms that they predict will emerge: group marriage, homosexual marriages, polygamy, and serial monogamy. Gingrich doesn't mention that part.

Gingrich's historical selectivity and outright errors are, well, revealing. He manages to get through the entire Civil War without ever mentioning slavery. Of the Declaration of Independence, he says "They originally wrote, 'We are endowed by our creator with certain inalienable rights, among which are life, liberty, and the pursuit of property.'" *Property?* John Locke, yes. The Declaration of Independence, never.

Not surprisingly, much of Gingrich's course is preoccupied with the history of the welfare state—the "actively destructive" welfare state, that is. He doesn't acknowlege any of the good that government has done over the past 30 years, when federal investments in education, electrification, research, and facilities built Gingrich's modern South.

Instead, Gingrich explains, "The modern welfare state basically says to you: Tell us what kind of victim you are, and we'll tell you how big a check you get ... In the elite culture model, we focus on losers." Perhaps, but does Gingrich then number the people he represents among the losers? His congressional district receives the largest amount of federal funds of any district in America. Newt the teacher may have forgotten this. Newt the politician knows it well.

A course on renewing American civilization would not be complete without offering the means to renew it. Gingrich, of course, has the answers. We already took the first step toward a new civilization, he says, in the election that made him Speaker. All that remains is to implement the GOP platform: eliminate welfare, cut taxes, cut government, reduce regulation.

But in offering ideas recycled from the Reagan era, Newt contradicts his own best advice: Judge things by what works. Do any of his students recall, just to name one example, that the federal debt climbed from $914 billion in 1980 to $3.27 trillion in 1990?

Gingrich may be a hypocrite, but at least he is an entertaining one. Perhaps the best part of the course is Newt's performance.

"What works is what works," he declares with Forrest Gumpian earnestness. "This goes back to—remember pragmatism? How can you tell what works? Because it's working."

Couldn't have said it better myself. □

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New World Disorder

Ronald Steel argues against reflexive idealism in foreign policy

BY DOYLE McMANUS

Temptations of a Superpower
Ronald Steel, *Harvard University Press, $18.95*

Five years have passed since the end of the Cold War, long enough for the deeds of Ronald Reagan and Mikhail Gorbachev to be entombed in high school history textbooks. But we have yet to find our way to a new foreign policy consensus, despite the earnest efforts of both post-Cold War presidents. George Bush tried and failed; his goal of a "New World Order" was mocked by events. Bill Clinton tried as well, if less enthusiastically; his fling at "assertive unilateralism" came to grief on the streets of Mogadishu.

Part of the problem has been conceptual. The character of our time is so elusive that we don't even have a name for it. We're still vamping, epochally speaking, in the "post-Cold War era"—an admission that we don't know where we are, only where we've just been. And yet between genocides, ethnic wars, nuclear proliferation, and global economic competition, foreign policy still demands a daunting amount of an American president's time, no matter how devoted he is to domestic concerns. What's a statesman to do?

If the statesman is Clinton, or Bob Dole, or even Newt Gingrich, the fallback answer is to recite timeworn verities: The United States is the world's only superpower; American leadership is vital; and we must be guided by the twin (and not always compatible) roles of U.S. foreign policy: realism and idealism. At a conference staged by the Richard M. Nixon Center in March, all three men delivered virtually interchangeable declarations of hard-eyed Nixonian realism, tempered, of course, by lofty Wilsonian idealism and reaffirming the necessity of American preeminence.

> Clinton: "American leadership is necessary for the tide of history to keep running our way, and for our children to live the future they deserve."
> Dole: "Leadership does not come without a price tag, but in my view, it's a price that's worth paying."
> Gingrich: "The United States must lead, period. The objective lesson of the last five years is simple: there's no replacement."

To all of which Ronald Steel, whose prior book was a magisterial biography of Walter Lippmann, replies: not really.

Put bluntly, Steel's message in this nicely crafted series of essays is: Forget most of what you learned during the past half-century. The United States may be the world's only superpower, but it is far less "super" than before, and the honor may be more trouble than it's worth. The notion that the United States "must lead" in virtually every circumstance is a terrible mistake. Our impulse toward Wilsonian idealism, while the most original and attractive feature of our foreign policy, is also the one most likely to get us into quagmires. The global advance of democracy might be a noble goal, but it is so unrealistic as to be self-defeating.

"If a foreign policy is to be effective, it must

Doyle McManus, White House correspondent for the Los Angeles Times, *has reported on U.S. foreign policy from Washington, D.C., Europe, and the Middle East for almost 20 years. He is coauthor of* Flashpoints: Promise and Peril in a New World *(Alfred A. Knopf).*

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have the support of the American public. And to have that support, it cannot be quixotic or gaseously utopian," Steel warns. "It cannot seek impossible ends, like the democratization of the world, or the attainment of a beneficent 'world order.' It will avoid grandiose rhetoric precisely so that it can act in those cases which will be few but critical where it can, at tolerable cost, achieve its ends, and where the degree of suffering or injustice that it addresses greatly exceeds the customary or the tolerable. This is not a form that will satisfy zealots or crusaders, and it is also more than some others may be willing to incur, but it is one that accords with the moral values of the American people and has limitations realistic enough to win their support."

Thus, Steel argues for a foreign policy that begins with the central concerns of the American people (jobs, drugs, immigration, the environment); that seeks stability in Europe and Asia through old fashioned "balance of power" diplomacy; that acknowledges that large countries have geographic spheres of influence (ours being the Western Hemisphere) and looks skeptically on intervention beyond those bounds; and that rejects most opportunities for military action, even under newfangled devices of multilateral action or "collective security."

This is, in short, a Walter Lippmann view of the post-Cold War world: a brief for a new realism and against reflexive idealism. Steel's realism is not isolationist or narrow; he decries the failure of the United States to act in Rwanda, for example, where genocide could have been halted at minimal cost. On the other hand, he approves of the decisions by the Clinton and Bush Administration to reject military intervention in Bosnia, where the cost of success would (in Steel's view) be unacceptably high. And he warns against setting unnecessarily lofty goals, as when Clinton adviser Anthony Lake listed the nation's adversaries in September 1994 as "extreme nationalists and tribalists, terrorists, organized criminals, coup plotters, rogue states, and all those who would return newly free societies to the intolerant ways of the past."

"After thus lining up the United States for a crusade against most of the world, it is not surprising that the Clinton Administration, in one area after another, has had to retreat upon discovering that it was standing alone," Steel notes. "Leaders who set such agendas are doomed to failure and will be repudiated. The result may well be to discredit not only the more grandiose projects but even desirable ones, such as cooperation with other major powers to dampen regional conflicts. That is the price paid for a lack of a sense of proportion."

In practice, the Clinton Administration has already taken much of Steel's advice. Clinton's reluctance to spend meager political capital on foreign adventures, reinforced by the lawyerly caution of Secretary of State Warren Christopher, has made Lake's professions of Wilsonian idealism little more than dissonant reminders of what Democrats once believed.

But where Clinton's realism is reluctant and grudging, Steel's is root-and-branch. In Europe, for example, Steel argues that U.S. leadership is mostly a relic of the Cold War; we should welcome NATO's replacement by a European-led security alliance, "for it means that the United States can cease being distracted, even seduced, by tasks that others can best perform for themselves."

This is a direct and bracing argument, more useful than anything our major politicians have said about foreign policy over the past few years. There are, to be sure, some holes in the case. Steel asserts that the United States "faces no serious security threat abroad" and is "as near to being invulnerable as a nation can get." If the last five years have taught us anything it is that we can be threatened all too easily by nuclear weapons in North Korea, Iran, or Iraq. There may be an echo here of Lippmann, who promoted neutrality up until the fall of France in 1940, a position he later confessed had been "a deadly misunderstanding." Steel's notion of spheres of influence seems a bit outmoded in a world where geography means less and less. And there is very little here about the economic issues that are muscling their way to the top of the foreign policy agenda.

For other views and other pieces of the puzzle, readers will want to consider Michael Klare's recent book on proliferation, *Nuclear Outlaws and Rogue States*, Samuel P. Huntington's hotly debated warning of world cultural conflict, *The Clash of Civilizations*, and the ever-growing bookshelf on global economic competition. But as a first shot in what will be a long and passionate debate, this is not bad at all. □

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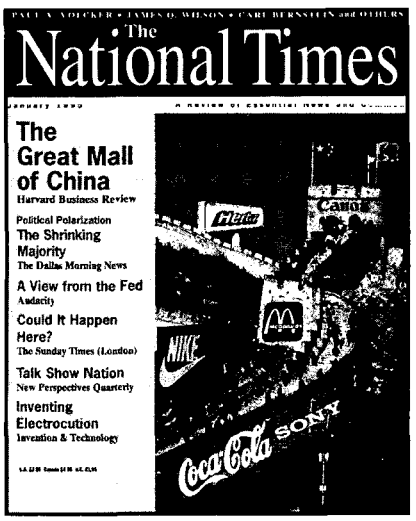

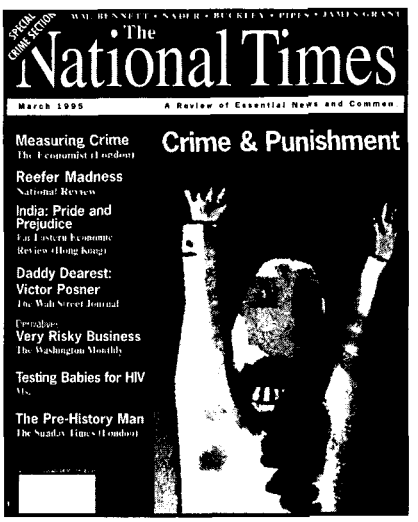

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Penny's Thoughts

A sharp-tongued former congressman tells why his former colleagues are liars and hypocrites

BY MATTHEW MILLER

Common Cents: A Retiring Six-Term Congressman Reveals How Congress Really Works—and What We Must Do To Fix It
Tim Penny and Major Garrett, *Little Brown and Company, $21.95*

In December 1993, I was among the staff that went with President Clinton to Representative Marjorie Margolies-Mezvinsky's district outside Philadelphia for her conference on the future of entitlements. A few months earlier, Margolies-Mezvinsky had bravely cast the deciding vote for the President's budget in the House, a vote she paid for with her seat in 1994 in a heavily Republican district. Most pols seek pork payoffs for votes like this, but Margolies-Mezvinsky was different. She asked the president to participate in this conference instead, with the refreshing attitude that if she educated her constituents on our long-term budget problems, they'd come to respect why she voted for the President's package as an important (though with its continued $200 billion deficits, inadequate) first step toward solving them.

The prospect of Clinton talking Social Security, Medicare, or federal pensions had thrown the White House into convulsions of anxiety. The day was carefully scripted, to say the least. And by the usual standards, the conference was a success. That is, no administration official gave any indication that we'd consider doing anything that might be unpopular with anyone.

But the postmortem among staff members at the train station made clear just how thoroughly we had deceived ourselves on the subject of entitlements. As Laura Tyson (now head of the White House's National Economic Council) and Treasury official Alicia Munnell complained that the Administration had taken unfair shots for having ducked the big entitlement choices, I thought, "Wait a minute. I know it's no fun to be on the receiving end of an all-day chorus of 'You didn't do enough.' But it's one thing to stick to our storyline publicly; we didn't really *believe* it, here among ourselves, did we?"

We *had* ducked the hardest choices. The criticisms were fair. I was overcome with a sinking feeling—that maybe I didn't belong on this team—when Minnesota Congressman Tim Penny, also a panelist that day, turned up on the platform for the ride back to Washington. At last, I thought, a kindred soul.

I sat with a pensive Penny on the Amtrak that night, and found myself admiring a politician with decency and commitment. An ardent deficit "hawk," he was still smarting from the defeat of a big spending-cut package he'd crafted with Republican John Kasich. (The White House had led the campaign against it.) Penny seemed almost naive when he asked me: Was the administration as cynical and manipulative as he thought? Were the future spending cuts it promised in order to clinch the budget votes in August 1993 just so much posturing?

Shame on us, I thought. While in office, Penny urged his colleagues and challenged his con-

Matthew Miller was senior advisor to the director of the Office of Management and Budget through 1994.

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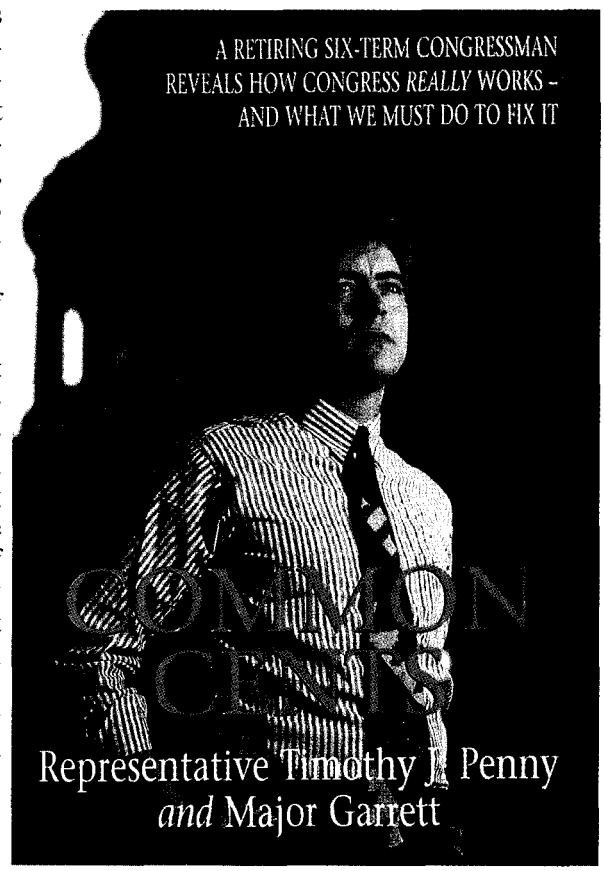
stituents to consider the kind of entitlement reforms the President and his handlers wouldn't touch. When he quit in frustration last year after six terms, he joined the growing roster of good guys who've decided they can make more of a difference from the outside. *Common Cents*, his first effort to do just that, confirms my impression of Penny as gutsy and honest.

Common Cents is a valuable addition to the roster I think of as "civics texts from hell." When they're good—and this one is—such books shatter our ideals about government, inspiring not cynicism, but a determination to make things better. (*Monthly* readers know that Charles Peters's *How Washington Really Works* is one of the classics.)

That searing fight over his cuts package included, Penny catalogues his lessons from Capitol Hill, displaying an intimate knowledge of the culture of Congress, and empathy for the frustration that grips today's voters and legislators.

After 12 years, Penny is haunted by a simple question: "Why are so many decent and honorable public servants so incapable of acting responsibly on the central issues of our day?" He organizes his answer into a taxonomy of six congressional "cultures" that he says afflict the institution and account for our lack of faith in it—the cultures of Spending, Hypocrisy, Fear, Power, Isolation, and Partisanship. The bulk of the book consists of chapters that explain and illustrate each culture in turn, in which Penny (with co-author Major Garrett, a journalist) draws on dozens of stories from his own experience to bring this analysis to life.

Though there's no neat line between these cultures and the themes are hardly new, Penny's fresh examples can really get your back up. We see William Ford, the vocal "champion" of a 60-day notice before plant closings or layoffs, fire a 30-year veteran of his own committee staff with only two weeks' word. Sam Gedjenson earns the public label of "reformer" for his work on campaign finance, when he's really a PAC-dependent campaigner who used his "reform" assignment to co-opt and then kill any chance for real change. New Appropriations Committee Chairman Robert Livingston enjoys a reputation as a budget skinflint, while behind the scenes he rails at Penny for going after his lavish congressional pension. And so on and so forth. Even when the revelations aren't startling (it turns out John Dingell is turf-conscious, for example), just hearing the inside details makes for a good read.



Penny: A man of common cents

Penny saves some of his harshest fire for the senior Democratic leadership, whose arrogance and insularity, he argues, spoiled his own party's chance to enact a reform agenda after 1992 that might have forestalled the 1994 debacle. He recounts one especially fascinating scene: After the 1992 election, Democratic leaders called an introductory meeting, sandwiching freshmen between intimidating senior committee chairmen—a design that made it impossible for the freshmen to react honestly or even to kibbitz with each other as the old guard's marching orders came down. Penny, who has high hopes that the newer classes can become a power center that attacks the old ways, mourns the loss of the talented freshmen of 1992 who were ousted in 1994—Eric Fingerhut of Ohio, Karen Shephard of Florida, and Margolies-Mezvinsky, to name a few. And he lashes out at the eat-their-young mentality whereby Democratic leaders required such

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frosh to toe the party line on tough votes while letting members from safer districts off the hook.

As Penny notes, Washington officials carry out such carnage under a code of etiquette that forbids words like "liar" or "hypocrite." But he's now unbound. The 1994 crime bill, for example, "falsely ratif[ied] the fiction that the federal government can do something to stop crime in the streets." The cultures he describes cause his former colleagues to "engage in acts of hypocrisy that keep them in office while allowing serious problems to fester ... [and] abandon in abject fear a policy they know is right simply because pollsters tell them it's unpopular." On the budget: "Any politician who tells you Congress can balance the budget without a combination of these elements [higher taxes and controversial changes in entitlement programs] is lying. There is no other word for it." To his credit, Penny avoids any holier-than-thou preening; he admits he tacitly conspired in many of the shenanigans he decries—including his perennial defense of the infamous honeybee subsidy.

Penny's many budget stories prove that the culture of spending is truly bipartisan, not a Democratic disease, as Republicans like to pretend. He argues convincingly that constituents hate to see their benefits or subsidies cut even more than they hate tax increases, thus explaining why we get more of the latter. His history of the courageous Senate Republican effort to shave Social Security cost-of-living allowances in 1985 (and the lesson they learned when they lost the Senate in 1986 as a result) is essential for understanding why our leaders have let trillions more in debt pile up without serious efforts to stop it.

Penny does devote too much ink to amusing examples of pork spending (like subsidies for recreational gun clubs) that don't add up to much. He might have used the space instead to offer his take on the media's role in our current charades, a subject which is largely ignored in the book. And for the cynical—forgive me, I just left the White House—Penny's eagle-scout prose style can at first be a little off-putting (e.g. "Too many Americans have forgotten the first three words of our nation's Constitution: *We the People*.") But Penny is the real McCoy. He might sound overly earnest at first, but he is sincere.

As for Penny's plan for reforms, some items—downsizing committees and staff, applying all laws to Congress, and imposing term limits on committee chairmen—have a dated feel, since they're already being implemented. He urges us to send more women and minorities to Congress, and, when in doubt, to vote against lawyers. His best proposals are strict limits on campaign spending and a requirement that lawmakers raise more than 50 percent of their campaign contributions from home.

Most importantly, when it comes to fixes, Penny repeatedly reminds us that as voters we reward and sustain today's pernicious congressional cultures through our irrational demands. We want the feds to do something about crime, but then carp when "three strikes and you're out" is all we get. We want a balanced budget with no cuts or taxes that affect us, and then we complain about rising debt. Fed up with this cycle, retiring Congressman Fred Grandy of Iowa recently called for term limits—for constituents. Penny reproaches us similarly. "If you want a better government," he says, "you first have to become a better citizen."

This book is an excellent guide for citizens who want to catalyze the renewal our Congress needs. □

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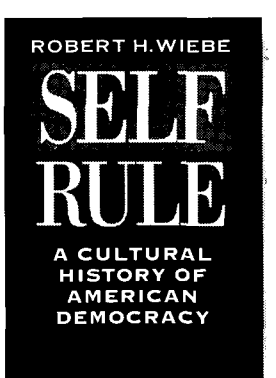

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Political Booknotes

Joe Alsop's Cold War: A Study of Journalistic Influence and Intrigue
Edwin M. Yoder
University of North Carolina Press, $24.95
By Arthur M. Schlesinger, Jr.

This intelligent and engaging book is more a sketch of a memorable personality than a full account of Joseph Alsop and the Cold War. Perhaps, given the short attention span of Americans today, it is necessary to recall who Joe Alsop was. In the age of the column, an era long since passed, Joe Alsop and his brother Stewart ranked in style and influence with Walter Lippmann and James Reston. Today, I fear, Joe is largely remembered, if at all, as a voice thundering on about captured-enemy documents in Vietnam. He was much more than that, as Edwin Yoder's book makes at least partially clear.

But by making Alsop and the Cold War his subject, Yoder cannot do full justice to Alsop's role as a young and decidedly liberal reporter in New Deal Washington. And by bringing the narrative to an end at around 1960, he omits Alsop's stentorian support of the Vietnam War and the more frenetic and apocalyptic—"doomed is what we are"—chapters in Alsop's war against communism. Still, Yoder evokes Joe and the Washington of Joe's day with skill and affection. He defines and explores the apparent paradox in Joe's Cold War journalism with fine judgment.

That paradox is the alleged contradiction between Joe's hatred of communism in the world and his hatred of McCarthyism at home, as shown by his brave and undaunted defense of dissenters with many of whose policy recommendations he vigorously disagreed. But did not his passionate advocacy of the Cold War sow the seeds from which McCarthyism sprang? Were not the Alsops, Yoder asks, "fighting a fire that they themselves had helped to set"?

While Yoder agrees that the Alsops, and more especially Joe, much exaggerated the Soviet threat, he rightly calls the argument that Alsopian hyperbole contributed to McCarthyism "not persuasive." The Alsops regarded communism as a danger *to* America but not as a danger *in* America. There was no great inconsistency in being against both Joe Stalin and Joe McCarthy. And, of the Joes, Stalin was far more responsible for McCarthy than was Alsop.

Yoder also writes about the long-held secrecy of Joe's homosexuality and his entrapment by a KGB provocateur in Moscow. If this episode proves anything, it disproves the old canard that homosexuals are peculiarly susceptible to blackmail. The KGB photographs did not deter Joe in the slightest; indeed, he became thereafter even more hyperbolic in his denunciations of the Soviet Union. Nor, oddly, does the KGB appear to have tried to use the evidence against him, except for a puzzling and ineffectual dissemination of the photographs in Washington a dozen years later.

I regret that Yoder does not tell us more about Stewart Alsop, a notable writer and gentleman in his own right. And I would have wished that Yoder carried his account through the Vietnam recriminations, a time in which Joe, but not Stewart, severed relationships (temporarily) with old friends like me. But one can be grateful for a thoughtful and appreciative memoir of a formidable, irascible, and curiously lovable man.

Arthur M. Schlesinger, Jr. is Albert Schweitzer Professor of the Humanities at the City University of New York and the winner of Pulitzer Prizes in biography and history.

Inside the Reinvention Machine: Appraising Governmental Reform
Donald F. Kettl and John J. DiIulio, Jr., editors
Brookings Books, $34.95
By Timothy Noah

The Republican Congress's recent crusade to dismantle much of the federal government has caused the Clinton Administration considerable heartache, not least because it has obscured the White House's own ongoing efforts to "reinvent" government. By focusing its energies on defeating Republican bills such as a measure to require elaborate, peer-reviewed cost-benefit analyses before new regulations are issued, the White House has inevitably come off looking like a defender of the regulatory state. But the truth is this administration doesn't like much of the big-government machinery it inherited, and it hates creating the appearance that it does.

Still, the Republican assault on government does have the advantage of casting the rather ho-hum accomplishments of Vice President Al Gore's reinvention team, formally known as the National Performance Review (NPR), in a decidedly more favorable light. Okay, so the government hasn't become sleek and super-

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efficient. But it is still there, doing (perhaps slightly more efficiently) the work on which the public relies.

Donald F. Kettl and John J. DiIulio, Jr. of the Brookings Institution deserve much credit for keeping a watchful eye, in various books and reports, on NPR since its advent. Their findings, presented with those of other Brookings scholars in this volume, are not startling. But they are informative, and *Inside the Reinvention Machine* is as good an update on the Clinton reinvention record as government-management junkies are likely to find.

The most highly publicized aspect of NPR has been its downsizing of the federal workforce. But as several of the book's contributors point out, laying off federal workers isn't necessarily a formula for making government work better, and if done carelessly, it could make the situation worse. NPR's goal of reducing personnel by 252,000—later revised by Congress to 272,900—was a number pretty much pulled out of a hat, with little more than symbolic meaning. Anyway, Kettl points out that two-thirds of the crowd-pleasing personnel reductions achieved in the reinvention's first year weren't much to write home about because they came from the Defense Department, which was already downsizing because of the end of the Cold War.

Is the civil service bloated? Probably. Certainly it would be helpful if NPR found a way to make it easier to identify and fire (or relocate) those federal employees who are incompetent (or who have little to do); the Clinton Administration's steps in this direction have been fairly timid thus far. But the civil service isn't the behemoth that most people imagine. As DiIulio notes, today's federal civilian workforce of 2.1 million employees is actually smaller than it was in 1960. And Washington's slice of the federal workforce isn't any larger today either; then, as now, nine-tenths of these employees worked outside the Washington, D.C., metropolitan area. The real growth in government employment has occurred not in the federal government, but in state and local governments, and in the ever-growing army of federal contract employees. The federal government has gotten "bigger" in the post-World War II era mainly by spending more money on programs that are administered either by state and local governments or by private contractors.

This last point is largely missed by the NPR team and like-minded government critics, who, when talking about Big Government, tend to wax poetic about the greater wisdom of devolution to state and local governments and "private-public partnerships." In another recent Brookings report, DiIulio and Kettl pointed out that in fiscal year 1994 *half* of all discretionary federal spending went to contracts and grants. "To those who argue that the federal government ought to devolve power to state and local governments and the private sector," they wrote, "the answer is that it already has."

When NPR has looked past downsizing and focused on concrete ways to improve government service, the results have tended to be more substantial. Even here, however, some reinvention slogans can be problematic. For example, Kettl notes, the idea of "customer-based" government is great when applied to certain activities, like speeding up the processing of Social Security claims (which has actually happened). In other cases, however, more responsiveness to "customers" is not necessarily what society wants. Yes, regulations should be more user-friendly; but in setting the rules, they shouldn't encourage "customers" such as manufacturers to pollute the air and water. Yes, prisons should be run in a humane manner;

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but "customers" who commit violent crimes should be put behind bars for a lengthy period.

So where has the reinventing government effort been most effective? One clear step forward has been a new procurement system, masterminded by the Office of Management and Budget, that eliminates the federal government's previous taboo against considering a potential contractor's past performance. That was a great example of an insane procedure instituted in the futile attempt to render federal decision-making more "scientific" and less "subjective" and prone to political favoritism. But as Philip K. Howard noted in his recent book, *The Death of Common Sense*, complicated bureaucratic rules aimed at eliminating stupid behavior just create unforeseen complications that lead to even more stupid bureaucratic behavior.

Unfortunately, after reading this book, it's hard to identify many other government-wide improvements that NPR has yielded. Part of the fault may lie not with the Clinton Administration, but with the authors of this book, who are good at providing numbers but bad at providing fleshed-out, concrete details about how NPR has changed (or not changed) the federal culture. And part of the fault no doubt lies with the administration, which has had trouble coming up with many genuinely inspiring success stories about how the government is mending its ways. Still, the general consensus among the authors is that Vice President Gore could be doing many worse things with his time, and that aiming for a more highly motivated and more capable federal government is better than settling for a bloated, demoralized, or paralyzed one.

Timothy Noah is a reporter for The Wall Street Journal *and a former editor of* The Washington Monthly.

Cultures of Healing: Correcting the Image of American Health Care

Robert Fancher

W. H. Freeman, $23.95

By E. Fuller Torrey, M.D.

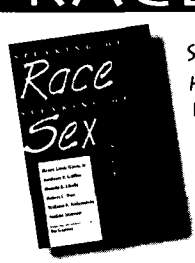
"The first quality we can ask of mental health professionals, then, is greater truthfulness," says Dr. Robert Fancher, a psychoanalyst, in the final chapter of his book. That being the case, I confess to having previously written a less-than-flattering book about psychoanalysis (*Freudian Fraud*) and to being a biological psychiatrist. I also confess to having indulged in the book reviewer's universal practice of checking the book's index and references for citations to my own pertinent work. Alas, there were none.

Despite this oversight, Dr. Fancher has produced a well-written and interesting book, as far as it goes. He claims that there is, in our society, a "culture of healing" in which "difficulties and miseries get classed as psychopathology when there is a market that will pay professionals to try to get rid of them." This "makes the United States far and away the most therapized country on earth." The reification of the problems of living into psychopathology, one of the hallmarks of contemporary American culture, thereby creates the industry of counseling and psychotherapy, and it is the mechanics of this industry which occupy most of the author's attention.

Counseling and psychotherapy, argues Dr. Fancher, are most often based on one of four cultures of healing: psychoanalysis, behaviorism, cognitive therapy, and biological psychiatry. He devotes a chapter to each, dissecting their assumptions and practices and demonstrating how each is a belief system rather than a scientific undertaking. Counseling and psychotherapy are effective, Fancher argues, not because of the specific theories or practices of any one of these "cultures of healing," but rather because of general factors which underlie all counseling and psychotherapy.

Fancher's failure to pursue these general factors more aggressively is one shortcoming of his book. He briefly describes the seminal work of Dr. Jerome Frank, whose *Persuasion and Healing: A Comparative Study of Psychotherapy* is the classic study in this field; but he fails to discuss related studies which have enriched this literature in recent years. Counseling and psychotherapy *do* work, but they work because of factors such as the personal qualities of the therapist and the expectations of the person under-

RACE IN AMERICA



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taking therapy, not because of specific psychoanalytic, behaviorist, or cognitive therapy belief systems.

Fancher also devotes considerable discussion to the perpetual behind-the-scenes turf wars which preoccupy psychiatrists, psychologists, and psychiatric social workers. He states explicitly, "I do not accept the claim that psychiatrists are the only people fit to deal with mental health problems," and criticizes psychiatry for "its unflagging efforts throughout the century to prevent other mental health professions from encroaching on its market and social position." Fancher is here writing from personal experience, for he is a philosopher who became a psychoanalyst. And lay analysts, until recently, were bitterly contested in America by medical psychoanalysts, even though they have been accepted in Europe since the beginning of psychoanalysis and were indeed sanctioned by Freud himself.

The weakest section of *Cultures of Healing* covers biological psychiatry. As a philosopher, Fancher has no apparent biological background or experience, and his lapses are embarrassing. He denies scientific status to anti-psychotic drugs because they were discovered accidentally, but so were many antibiotics and other useful drugs. He says that "biological psychiatry has, at present, drugs to medicate only four classes of complaint: depression, anxiety, schizophrenia, and manic-depression." Many of us would call this an impressive list, given where we were three decades ago. Strangely, Fancher omits obsessive-compulsive disorder, childhood hyperactivity, and some eating disorders, all areas in which biological psychiatry has enjoyed success. He says that in clinical practice "there exist no biological tools for distinguishing between biological psychopathology and similar problems that do not involve biological abnormality," apparently unaware of neurological or neuropsychological testing, magnetic resonance imaging, or measures of brain metabolism.

Fancher's book would have been stronger if he had omitted the chapter on biological psychiatry altogether. Like many psychoanalysts, he confuses problems of "mental health" with legitimate brain diseases which constitute mental illness. We now know that there is no more relationship between "mental health" and mental illness than there is between the Red Cross and the Red Sea; both share an adjectival prefix but belong in completely different object categories.

The biggest disappointment in *Cultures of Healing* is Fancher's failure to deal with broader aspects of America's affair with therapists. References to books such as Charles Sykes' *A Nation of Victims: The Decay of the American Character* or Wendy Kaminer's *I'm Dysfunctional, You're Dysfunctional* are nowhere to be found. Yet both describe important consequences of the culture Fancher claims his book documents. In this culture, the suzerainty of self sanctions the rationalization of one's own happiness, rather than service to others, as the *summum bonum*. This leads logically to the Woody Allen syndrome, in which 33 years of psychoanalysis only produce rationalizations for having an affair with one's de facto stepdaughter. The American psychotherapy industry, like Woody Allen himself, often becomes a parody of a Woody Allen movie.

It also would have been illuminating if Fancher had included a discussion of the political aspects of America's "culture of healing." There is no group of professionals in the nation—indeed, probably in the world—which votes as predictably and unanimously as do mental health professionals. For example, in the presidential elections of 1960, only 6 percent of psychoanalysts voted for Richard Nixon, and in 1964 only three percent voted for Barry Goldwater. More recently, one wonders what role Middle America's disgust with "dysfunctional families" and "codependency" played in pushing American politics to the right. Did the "culture of healing" contribute to the depreciation of traditional liberalism? Was John Bradshaw the real force behind the rise of Newt Gingrich?

But all this is what might have been in *Cultures of Healing*, the traditional meanderings of a book reviewer regarding what he *wishes* the author had written. It should not detract from the fact that there is much of interest and value in the book, especially the advice on finding a therapist. Fancher stresses the desirability of matching the culture of the therapist and the person seeking therapy, because studies have shown that therapy is more likely to be effective when the two have a shared world-view. Another piece of advice is offered in the appendix and perhaps sums up the whole book: "We have seen in this book that what therapists say is usually optional, and therapists say substantially different things. You should not assume that what a prospective therapist says is necessarily true."

E. Fuller Torrey, M.D. is a research psychiatrist in Washington, D.C. His most recent books are Freudian Fraud *and* Schizophrenia and Manic-Depressive Disorder.

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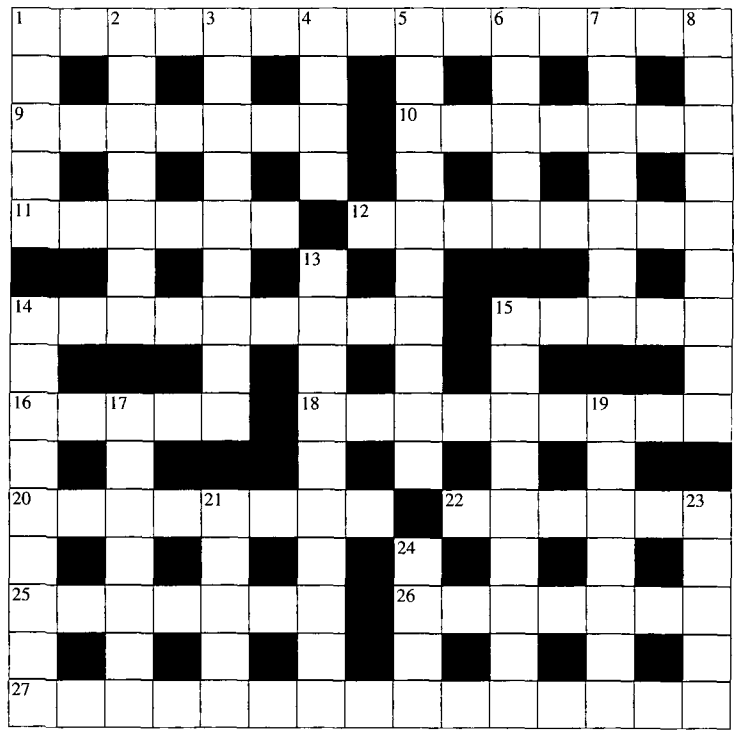
Political Puzzle

BY ANDREW JORGENSEN

The numbers indicate the number of letters and words—thus (2,3) means a two-letter word followed by a three-letter word. Groups of letters, such as USA, are treated as one word.



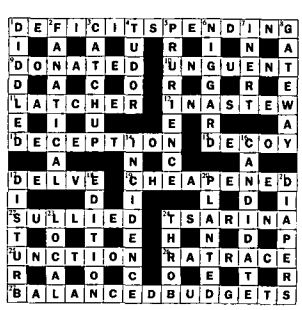
ACROSS

1. Reject arms? A real mixed-up peacemaker. (5, 4, 6)
9. Indict a devil before every one. (7)
10. Fibber turns back by path to make tracks. (7)
11. Two channels reset? Reset nothing! (6)
12. Caulfield against a submarine. (8)
14. Celebration ruined, testy if including drip. (9)
15. Hammer loses length, plants in marsh. (5)
16. Go into the heart without the head. (5)
18. Roman five hundred (and two) always shed skin. (9)
20. Chancy? He adjusts to Russian trouble. (8)
22. Ancient power comes in to grasp art away. (6)
25. Conductors for West's journey without end. (7)
26. Young women surround 500 young Scotsmen. (7)
27. "Bleep!" or "Zap!" Niece frustrated one's quest. (5, 5, 5)

DOWN

1. Republicans want more of these troubles after the first of January. (5)
2. Confused ref sits before dogs, cats, PBS creatures. (7)
3. Closer to royalty, London gallery surrounded by the more fox-like. (9)
4. Without a bit of reason, poetic cockroach becomes sure. (4)
5. Stingy rally, losing length, exacerbated Clinton's problem. (10)
6. Gore, second among firsts, has excuse. (5)
7. Blond broadcast "Wo, death!" (7)
8. Cowboy trampled: gory, sorer. (3, 6)
13. Juxtaposed addled biddies? (4, 2, 4)
14. Topless jerk, male, consumed by swamp frogs. (9)
15. Increased reverse; marionettes have depth, energy. (7, 2)
17. Quilters invade two-thirds of Greek city for British television. (3, 4)
19. Alien, losing one, gaining one, makes cocktail. (7)
21. Stolen train is place to stay. (5)
23. Middle of paisley walkway. (5)
24. Allies provide endless impediment. (4)

Answers to last month's



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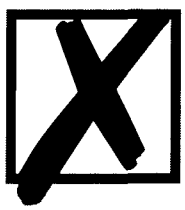

William C. Mitchell & Randy T. Simmons

Foreword by Gordon Tullock

The Independent Institute

As dramatized in last fall's electoral landslide, the American people increasingly view politics as a frustrating, corrupting burden, wherein politicians and bureaucrats cater to special interests to the detriment of the public. Low voter turnouts, gloomy opinion polls and acerbic chatter on radio/TV talk shows are symptomatic of a political cynicism that has reached new heights. ***BEYOND POLITICS*** now systematically explains how government is producing a scandal of political myopia, bureaucratic self-interest, pressure group manipulation, economic stagnation and public distrust.

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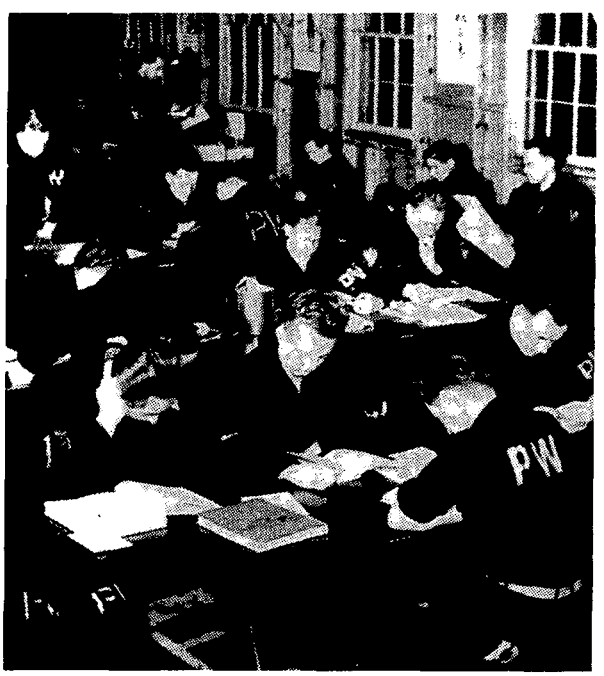

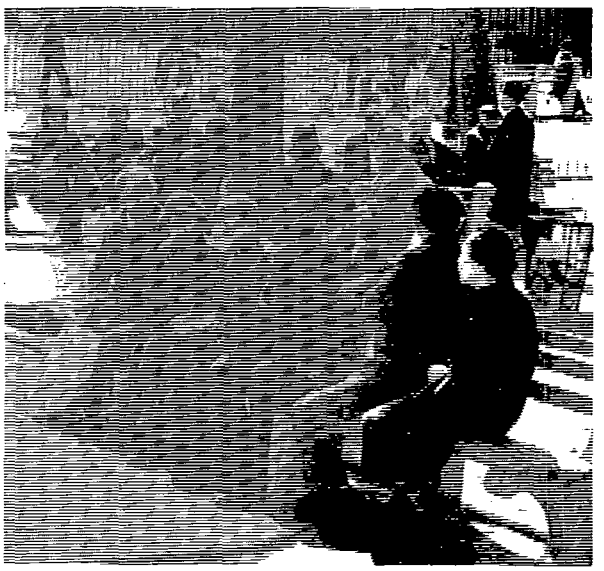

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